



Speakers  
Corner

## SPEAKING OUT

LIKE THE ORIGINAL SPEAKERS CORNER AT QUEEN AND JOHN IN TORONTO, EACH CHUM TELEVISION STATION ACROSS CANADA IS EQUIPPED WITH A VIDEO BOOTH. EVERY DAY, VIEWERS ENTER THE BOOTH TO HAVE THEIR SAY. EACH STATION TELECASTS THE FLAVOUR OF THE COMMUNITY IT SERVES: THE SERIOUS COMMENTARY, THE PASSIONATE ORATION, THE OPINION, THE CELEBRATIONS, THE UNPREDICTABILITY.

THIS IS THE ESSENCE OF CHUM LIMITED'S OPEN, INCLUSIVE, ACCESSIBLE STYLE OF BROADCASTING. IN THIS SPIRIT, WE TAKE OUR PLACE AT THE CORNER TO SPEAK OUT ON THE SUCCESSFUL YEAR THAT'S BEEN AND WHAT'S AHEAD.

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Growth   Brands   Content   Vision   Originality

## FINANCIAL HIGHLIGHTS

(in thousands of dollars except per share amounts)	2001	2000
Revenue, less agency commissions	\$413,132	\$376,081
Operating income	32,436	33,176
Net earnings	17,529	25,920
Net earnings per Class B and common share	1.51	2.23
EBITDA <sup>†</sup>	56,878	54,467
Cash provided by operating activities	36,536	28,237
Additions to fixed assets, net (capital spending)	57,061	32,586
Shareholders' equity	252,237	239,080
Dividends paid		
- Class B shares	1,817	1,818
- Common shares	742	742

<sup>†</sup>Earnings before Interest, Taxes, Depreciation and Amortization

## CORPORATE PROFILE

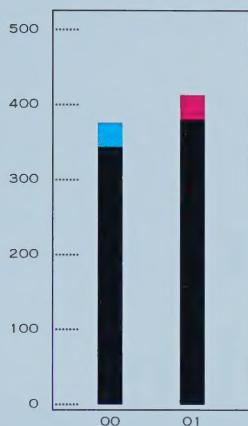
CHUM Limited, one of Canada's leading media companies and content providers, owns and operates 28 radio stations, eight local television stations, and 17 specialty channels, as well as an environmental music distribution division. In addition to its international licencing arrangements and joint ventures, the Company's original content is seen in over 100 countries worldwide. CHUM content is also provided to online audiences on new media platforms, including interactive television, wireless and exclusive CHUM-branded Internet properties.

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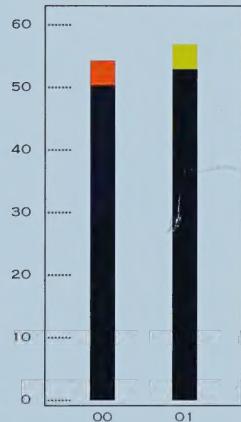
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# Growth Brands Content Vision Originality

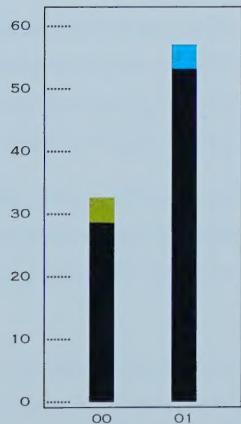
REVENUE\*  
(in millions of dollars)



EBITDA†  
(in millions of dollars)



ADDITIONS TO  
FIXED ASSETS, NET  
(Capital Spending)  
(in millions of dollars)



IT HAS BEEN ANOTHER GREAT YEAR FOR CHUM LIMITED WITH REVENUES UP 9.8 PERCENT. THE STRENGTH OF OUR DIVISIONS AND BRANDS CONTINUES TO BE REFLECTED IN OUR OVERALL PERFORMANCE.

\* less agency commissions

† Earnings before Interest, Taxes, Depreciation and Amortization

# To Our Shareholders

IT HAS BEEN ANOTHER EXCELLENT YEAR  
FOR CHUM LIMITED. A YEAR OF INVESTING IN OUR  
CORE STRENGTHS. A YEAR OF EXPANSION  
AND CONSOLIDATION. A YEAR OF SPEAKING OUT AND  
CELEBRATING OUR PLACE IN THE BROADCAST  
INDUSTRY WHERE WE REMAIN A DISTINCT PRESENCE,  
REFLECTING THE MANY VOICES  
AND VIEWS OF THE COMMUNITIES WE SERVE.

In fiscal 2001, CHUM aggressively grew its business on all fronts by continuing to focus on what we do best. We continue to grow because of our ability to deliver the strongest brands in television, radio and new media, along with innovative programming and formats that strongly appeal to audiences and advertisers in Canada and in markets around the world.

As I write to you, I am happy to be joined by Executive Vice-Presidents Jim Waters and Ron Waters. We are pleased with this year's financial results and the market position of each of our divisions, the creativity and drive of our people, and the relationships that we enjoy with our listeners, viewers and business partners.

This year more than ever, we are proud to speak out on the strengths that are at the heart of our company's success. We chose to feature Speakers Corner on the cover – our very own



(Left to right) **JIM WATERS**, Executive Vice-President, CHUM Limited, and President, CHUM Radio;  
**ALLAN WATERS**, President, CHUM Limited; **RON WATERS**, Executive Vice-President, CHUM Limited.

electronic soapbox – where all who value free speech and diversity are able to speak and be seen. Speakers Corner seems the perfect symbol to embody the spirit of CHUM and Canada, all the more, in light of recent events. Everyone at CHUM Limited has been strongly affected by the tragic events of September 11. Despite the circumstances that have threatened our American neighbours and all Western democracies, we look confidently toward the future.

1050 CHUM signed off the AM band on May 7, 2001 after 44 years to make way for The Team – our national 24-hour, sports network. This viable, compelling format geared to sports-minded listeners and results-driven advertisers strengthens our AM operation. It is still early in the game, but indications are favourable. Oldies fans are pleased to tune into 1050CHUM.com 24 hours a day on the Internet.

A major highlight for CHUM Television was the launch of the New VI in Victoria on October 4, 2001. Thousands of people celebrated at two parties, held in Victoria and Nanaimo respectively. The restored heritage building on Pandora Street, dubbed Pandora's Box, is Canada's newest, most sophisticated broadcasting facility. We are proud to bring the CHUM brand of inclusive, local-minded, storefront and storefront television to the 700,000 residents of Victoria and Vancouver Island.

I am delighted to announce that the Canadian Radio-television and Telecommunications Commission approved CHUM Limited's acquisition of Vancouver television station CKVU from Global Communications Limited. The transaction was completed on October 31, 2001. The addition of these two west-coast based stations to the CHUM family of channels further strengthens our national programming position.

Overall, it has been another great year for CHUM Limited for the year ended August 31, 2001, with revenues up 9.8 percent.

The financial highlights are:

- Revenue increased to \$413.1 million compared with \$376.1 million for the same period last year, an increase of \$37 million.
- Net earnings were \$17.5 million or \$1.51 per share compared with \$25.9 million or \$2.23 per share for the year ended August 31, 2000. Earnings per share of \$2.23 for 12 months ended August 31, 2000 included the gain on the sale of the Company's 50 percent partnership interest in MuchMusic USA Venture amounting to 77¢ per share net of income taxes. Excluding the gain on the MuchMusic USA Venture sale, earnings per Class B and common share would have been \$1.46.
- Operations expense in 2001 increased by \$34.6 million, or 10.8 percent, over last year to \$356.3 million.

- Cash flow from operating activities in 2001 totalled \$36.5 million, or \$3.14 per share, compared with \$28.2 million, or \$2.43 per share, last year.
- Shareholders' equity for this fiscal year increased to \$252.2 million, compared with \$239.1 million at August 31, 2000.
- During the past year, we invested \$57.1 million in new plant and equipment and in updating and improving our equipment, and studio and office facilities.
- CHUM Limited has paid dividends every year since becoming a public company in 1967. Dividends paid this year of 22¢ per Class B and common share amounted to \$2.6 million.

CHUM Television experienced a year of growth and success on many fronts, including acquisitions, licenses and advertising sales.

Our acquisition of CKVU, together with the extended reach of The New VI, gives us much-needed access to Vancouver, the country's second most important English-language advertising market. Both stations strengthen our programming position across the country. Early indications are that they will be strong performers.

It has been an extraordinary year of growth for CHUM Television's Conventional and Specialty Channels.

With the launch of CHUM's seven new Specialty digital channels this September, we continue to deliver well-targeted Specialty television with distinctive content and brands that meet the specific demographic needs of our advertisers and audiences.

On a worldwide basis, we continue to roll out our expertise in programming and channel formats through CHUMCity International, our distribution and development arm for television. It has been another solid year of growth for this division.

CHUM Radio enjoyed a very profitable year with revenue at an all time high. We exceeded \$100 million in sales for the first time.

In a year of major transition for radio overall, CHUM Radio proved once again that it is an original force in broadcasting with the launch of The Team.

Our targeted radio brands and distinctive content across our 28 radio stations continue to meet local needs and to deliver key demographics for our advertisers.

CHUM Satellite Services, the exclusive Canadian distributor of music by Muzak programming, had an exciting year of sales growth and market development. Digital services introduced last year expanded our core businesses and opened new markets with untapped opportunities for us. We expect to see growth and broader market

appeal across our Audio Marketing Services, Business Television Services and Muzak's Audio Architecture.

CHUM continues to lead the way in upgrading from analogue to digital. Digital audio broadcasting (DAB) is available to over 10 million Canadians and digital receivers are now on retail shelves. A major U.S.-based electronics company has announced the development of a new DAB receiver chip that costs a fraction of the current chip price. DAB receivers will be factory-installed, original equipment in 2003 model year cars and trucks from General Motors of Canada available in the second quarter of 2002, with European auto manufacturers following suit in 2003.

Our new media assets are a profitable revenue stream for CHUM. Advertising revenues for CHUMCity Interactive increased by 30 percent over the previous year. We continue to grow our advertising and sales promotion revenues and to invest in our infrastructure and production operations in a careful and sustainable manner.

Our commitment to being engaged community partners in support of charitable organizations and initiatives is stronger than ever. It is gratifying to realize that we have had a direct, positive impact on the communities that we serve.

On September 11, 2001, as the world united in shock and grief, media professionals strove to bear witness to, and provide analysis and information surrounding, the day's events, related issues and outcomes.

While meeting the expectations of our viewers and listeners to provide accurate, balanced and compassionate coverage, many of our stations turned their focus in meaningful and original ways to both viewers and victims of the attacks. In just five days, MuchMusic went live to air – commercial free – with a five-hour, live, national benefit concert and discussion forum. Station staff pulled together an ambitious program that combined performance, discussion and analysis. The out-pouring of support – both emotional and financial – from MuchMusic's Canadian and American audience of teens and young adults was inspiring. The show was also carried on many CHUM Radio stations and other CHUM Specialty channels.

There can be no doubt that the events of September 11 have had an effect on the economy. Looking forward, I believe that CHUM is well-positioned for the future. First, our stations are intensely local and tightly targeted to sought-after niche markets. Second, the synergies between our various television, radio and new media platforms give us unmatched opportunities in sales, strategic promotions and programming cross-promotion. Third, we enjoy excellent economies of scale in all our television and radio operations. Fourth, and most significant, is the depth of our management experience and expertise.

Finally, because I've saved the best for last, I turn my attention to CHUM's people. With the passion, commitment and capability of our superb managers and staff, our sustainable growth strategies continue to be realized. It is our good fortune that the most talented, creative and dynamic people in the industry work at CHUM. We've successfully weathered many storms, and as we close the books on an excellent year of growth and opportunity, we look forward to sharing with you the results for another great 12 months.



ALLAN WATERS



A photograph of a woman with long, wavy hair smiling broadly. She is holding a very large sandwich or wrap in front of her. A man's face is partially visible behind her, also smiling. The background is dark and out of focus.

Growth  
Brands  
Content  
Vision  
Originality

CHUM LIMITED HAS LONG SET THE GOLD STANDARD IN CREATING STRONG BRANDS THAT ATTRACT THE LOYALTY OF AUDIENCES AND ADVERTISERS ACROSS KEY DEMOGRAPHICS.

# Television

IT HAS BEEN ANOTHER EXCELLENT YEAR.  
AT THE CORE OF OUR CONTINUING  
GROWTH IS OUR ABILITY TO DELIVER THE  
STRONGEST BRANDS IN TELEVISION,  
INNOVATIVE PROGRAMMING AND FORMATS THAT  
HAVE EARNED US THE LOYALTY OF LOCAL  
AND INTERNATIONAL VIEWERS AND  
ADVERTISERS.

Bolstered by strong television sales and our strength as a content provider across well-recognized, branded channels, we saw significant growth and success in our Specialty and Conventional channels. CHUM Television beat out 2001 industry averages, as measured by the most recent data from the Television Bureau's Time Sales Survey Report. CHUM Specialty television sales increases were 15 percent higher than the industry average, while national spot sales on CHUM's Conventional television stations were well above the industry average.

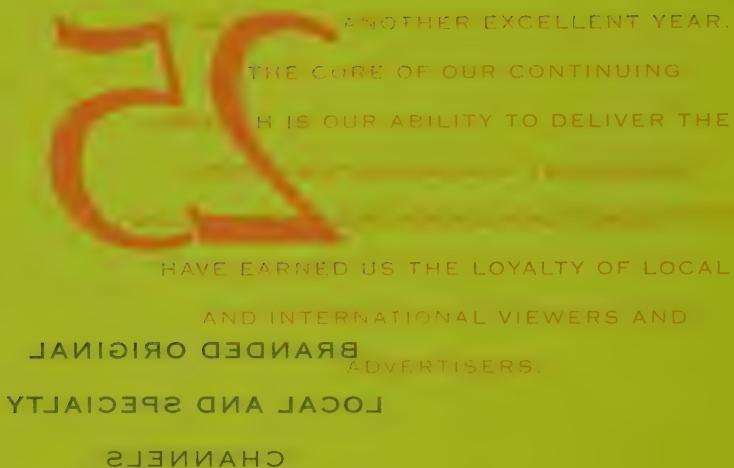
This year, a major restructuring of CHUM's Sales and Marketing department took place to better leverage our individual properties and maximize synergies between our media platforms. The consolidation of our Specialty and Conventional Sales and Marketing



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BRANDED ORIGINAL  
LOCAL AND SPECIALTY  
CHANNELS

# Television



Bolstered by strong television sales and our strength as a content provider across well-established local stations and national networks, we saw significant growth and success in our Specialty and Conventional television networks. CHUM Television beat out 2001 industry averages, as reflected in the most recent data from the Television Bureau's Time Sales Survey Report. CHUM's specialty television sales increases were 15 percent higher than the industry average, while national spot sales on CHUM's Conventional television stations were well above the industry average.

In 2002, a major restructuring of CHUM's Sales and Marketing department took place to better leverage our individual properties and maximize synergies between our media platforms. The consolidation of our Specialty and Conventional Sales and Marketing



team now offers advertisers seamless access to our full range of promotion, sponsorship and sales strategies, as well as increased opportunities to reach key consumer groups. This integration extends to CHUM Radio and our New Media properties. We have made significant investments in technologies to support this consolidation, including state-of-the-art commercial traffic and account management systems.

#### CONVENTIONAL CHANNELS

Over the last fiscal year, we set out a number of strategic initiatives to capitalize on our well-established strength in the Conventional television market. We are pleased with our successes.

For Citytv, Canada's largest independent local television station and strong Toronto voice, it was a year of growth on several fronts. In spite of declining ratings and revenues in the Conventional television market, Citytv was able to increase its share of viewership and maintain its previous year's revenues. The station is now available to over 10 million people in the Ontario market. A shift to more regional distribution has allowed Citytv to accommodate advertisers who are placing more emphasis on regional spending. The station is now available to over three million people outside of Ontario through cable and digital satellite services.

In 2001, Citytv successfully undertook a major campaign to re-energize the brand. This included a fresh, new on-air look, innovative program identification spots and



JAY SWITZER  
*President, CHUM Television*

"CHUM TELEVISION'S BRANDS  
ARE LOCAL, ACCESSIBLE AND CREATED  
WITH THE UNDERSTANDING  
THAT OUR CONTENT IS CONSUMED  
ON A VERY PERSONAL BASIS.  
AT THE HEART OF OUR STRONG BRANDS  
IS THE ULTIMATE QUESTION:  
WHAT IS MOST MEANINGFUL TO  
MY VIEWER?"

an integrated cross-media campaign that has significantly raised the station's profile.

Improving the CityPulse @ Six news marketing and programming performance was a major priority for the station. Efforts lead to a significant increase in ratings of 24 percent over the entire year.

Citytv's prime-time programming scored a huge coup with the acquisition of pop culture phenomenon and hit reality program Temptation Island. In the final episode, Citytv celebrated its highest audience ever – with a record-breaking 2.5 million viewers tuning into the one hour episode – taking a 51 percent share of viewing among the adults 18 to 34 target demographic. The station has secured the rights for Temptation Island 2 for the coming season. Advertising demand for the show has allowed the station to sell out all available commercial inventory in the upcoming series at unprecedented rates.

CHUM's local television stations – Citytv (Toronto, Ottawa, Southern Ontario), The New VI (Victoria and Vancouver Island), CKVU (Vancouver and Lower Mainland), The New RO (Ottawa and the National Capital Region), The New VR (Barrie), The New PL (London), The New NX (Wingham), and The New WI (Windsor) – reflect the distinct needs and tastes of each community we serve and continue to offer fresh, compelling reasons for viewers and advertisers to tune in. CHUM's "NewNet" regional network is comprised of five of our local Ontario stations and may be purchased with Citytv by advertisers as a regional buy.



MOSES ZNAIMER

*Vice-President, Corporate Development,  
CHUM Limited*

"AS WORLDWIDE TELEVISION EXPANDS,  
THE NEED FOR LOCAL  
TELEVISION PROGRAMMING INCREASES.  
THAT'S BECAUSE THE BEST TV  
TELLS ME WHAT HAPPENED TO ME TODAY.  
OUR PRECISION, FOCUS, AND YOUTHFUL  
VISUAL STYLE SET CHUM APART  
IN A WORLD OF TELEVISION SAMENESS."

The New VI ushers in Vancouver Island's new era of intensely local and interactive television. A resoundingly successful launch party and live broadcast was held October 4, 2001 at Pandora's Box, the New VI's magnificently restored, heritage building, in downtown Victoria. Jazz superstar and Nanaimo native Diana Krall performed at a second party held simultaneously in Nanaimo.

The New VI is Canada's most sophisticated broadcast set-up to date, with tape-free editing, 500,000 feet of audio and video cable and 11 roof-top satellite dishes. Fourteen quick-access 'hydrants' deliver audio and video capability to all corners of the building, transforming the entire complex into an instant live shooting space.

The station serves more than 700,000 Vancouver Island residents. In addition to broadcasting a strong mix of local news, arts, entertainment and youth culture programming, The New VI will strengthen CHUM's overall national programming position.

The New RO – after moving in the fall of 2000 into its state-of-the-art broadcasting facility, The CHUM Market Media Mall – saw significant increases in viewership and station ratings. By Spring 2001, The New RO ranked as the second most-watched station in Ottawa, overtaking the CBC, according to the Bureau of Broadcast Measurement. The station's NewsSixOttawa now ranks second in the market according to the Spring 2001 ratings. With the launch of Breakfast @ The New RO, the station will

broadcast three hours of local news, and entertainment every weekday.

Barrie's The New VR, with its revamped newsroom, experienced its best ever news ratings, the largest overall weekly audience reach and the highest audience for an individual program in the 46-year history of the station.

The New PL regained its position as the number one-rated television station in London and had a 15 percent increase in adults 25-54, giving the station a 12.1 percent audience share – out-distancing the nearest competition by 46 percent. The New PL was picked up by satellite distributors ExpressVu and StarChoice in 2001, ensuring strong local reception in Southwestern Ontario and across Canada. The New WI in Windsor increased its share of adults 25-54 by 39 percent.

On October 31, 2001, CHUM Limited acquired Vancouver television station CKVU from Global Communications Limited. The transaction was approved by the Canadian Radio-television and Telecommunications Commission (CRTC). We are excited about this acquisition, as it will allow CHUM to deliver our unique brand of local, interactive and culturally diverse television geared to the Vancouver marketplace.

#### SPECIALTY CHANNELS

The outstanding growth and success of CHUM's distinctive Specialty channels shows the clearly branded, targeted positioning CHUM is pursuing is meeting

the needs of our audiences and advertisers in key demographics.

CHUM's established national Specialty services – MuchMusic, MuchMoreMusic, Bravo! and Space – continue their significant growth as substantial contributors to revenues.

MuchMusic, entering its 17th year, undertook a major renovation in the CHUMCity Building. A new, state-of-the-art audio mixing facility and enhancements to the shooting space have made MuchMusic more accessible and interactive than ever. MuchMusic continues to reach more of the coveted 12-34 demographic in Canada than any other Canadian Specialty network.

MuchMoreMusic, in its third year, experienced 20 percent audience growth and added more original programming.

Space continues to be the most-watched entertainment-based Specialty channel in Canada, with ratings growth of 36 percent over the previous year.

Bravo! received a full-term licence renewal from the CRTC and experienced ratings growth of 14 percent over the previous year. Bravo!'s hit program, *Sex and the City*, remains the highest-rated episodic program on Canadian Specialty television.

MusiquePlus and MusiMax in the Quebec market had their best years ever. MusiquePlus increased advertising revenue by 18 percent in the last fiscal year, while

advertising revenue for MusiMax increased by 35 percent over the previous year.

CablePulse24 (CP24), our regional 24-hour-a-day news channel in Ontario, continues to be Toronto's number one all-news television channel. Weekly audience reach grew by 17 percent for the year, while sales revenue grew by 32 percent over the last 12 months.

CHUM's recently launched Specialty channels, Star!, and Canadian Learning Television (CLT) continue to perform well.

Star! advertising revenue increased 77 percent year-over-year. In June 2001, Rogers Cable Inc. began analogue distribution of Star! in the Toronto market. The channel now reaches over 850,000 new households – bringing its audience to over three million overall.

CLT increased its distribution through cable and direct-to-home to 2.7 million homes. CHUM operates ACCESS, The Education Station, Alberta's "NewStyle" educational channel, alongside the CLT national network. ACCESS has created a successful model in privatized educational television and has renewed its programming and air-time agreements with Alberta Learning for another four years. Advertising sales for ACCESS grew by over 30 percent over the previous year.

#### DIGITAL CHANNELS

With the launch of CHUM's seven new Specialty digital channels in Fall 2001, we continue to build on our strategy to deliver well-targeted, distinct content and brands



that reflect the tastes and sensibilities of our audiences. Each of the new digital channels is a logical extension of programming genres and formats already established by CHUM in the marketplace. This strategy has resulted in marked increases in viewership and revenue across CHUM's established Specialty networks.

Now, with the launch of our digital channels, CHUM is positioned to capture an important segment of the advertising and viewer base. In the few months since their launch, CHUM's digital Specialty channels have managed to achieve high consumer awareness levels.

CHUM's digital Specialty channels, licensed by the CRTC are: FashionTelevisionChannel; Drive-In Classics; SexTV: The Channel (the sexuality and relationship channel); MuchLoud; and MuchVibe. CHUM's additional two digital stations, BookTelevision: The Channel and CourtTV Canada, are operated in Alberta within our ACCESS/CLT facilities.

FashionTelevision and BookTelevision will be distributed nationally by all satellite and digital cable distributors, as mandated by the CRTC. CourtTV Canada, Drive-In Classics, SexTV: The Channel, and MuchVibe will be distributed nationally by most satellite and digital cable distributors. MuchLoud will initially be carried on a regional basis through digital cable distributors, including Rogers Cable and Cogeco.

CHUM, in partnership with Astral Media, received CRTC licence approval

for French language channel Perfecto (fashion and design), set to be launched in September 2002.

At the time of writing, the growth in digital subscribers in Canada exceeded two million homes, compared to almost none three years ago. As the world continues to go digital, CHUM is well-positioned for the future.

#### CANADIAN FEATURE FILM SUPPORT AND TALENT DEVELOPMENT

CHUM Television continues to be a major supporter of Canadian film and talent.

As the number one private broadcast supporter of Canadian feature films in the country, CHUM is proud of its role in nurturing domestic feature films and broadcasting these films to our viewers. CHUM has had a major role in pre-licensing 15 homegrown feature films and made-for-television movies every year, and invests additional funds in early-stage writing and development on another 12 to 15 projects per year. CHUM invests approximately \$2 million in this endeavour every year – more than three times the industry norm – and has over 300 films under licence for broadcast.

In roughly 80 percent of the cases, CHUM is the first supporter of these projects. This market interest by CHUM triggers additional support, including funding from Telefilm and the Canadian Television Fund. It also stimulates support from the Canadian theatrical distribution community.

At the Toronto International Film Festival, for the 18th consecutive year, Citytv and the City of Toronto presented the Toronto City Award for Best Canadian Film and awarded a cash prize of \$25,000. For the fifth straight year, Citytv presented the award for Best Canadian Feature Film with a cash prize of \$15,000. Citytv's MovieTelevision and Star! co-hosted the Festival Schmooze. The glittering party at the CHUMCity building was televised across the country to spotlight Canadian Film. CHUM Television is also a supporter of the Vancouver Film Festival's Trade Forum.

Citytv supported the Reel World Film Festival as presenting sponsor in the Festival's inaugural year, providing a financial contribution, editorial and an on-air promotional campaign. The Festival celebrates talented and culturally diverse Canadian and international film and video makers.

Star! continues to build the star system through its Live Red Carpet specials, including the Genies, Geminis, MuchMusic Video Awards and Comedy Awards, providing a promotional focus on Canadian talent that was simply unheard of before the channel's launch.

#### CHUMCITY INTERNATIONAL

It has been another year of growth for CHUMCity International (CCI), our distribution and development arm that licenses CHUM-owned programming and channel formats worldwide.

Known around the world as the creator of some of the most powerfully branded

programs in television, as well as for our distinct CHUM-signature style, it is gratifying that our program sales exceeded target – licensing an inventory of 35 weekly programs, library series and specials to broadcasters worldwide. CHUM-branded programs, such as FashionTelevision, MediaTelevision and MovieTelevision, can be seen in over 100 countries on all distribution platforms, including Conventional, digital, cable and satellite Specialty services.

CCI currently licenses 2,336 episodes of CHUM-owned programming internationally, with an additional 40 episodes provided to airlines for a total of over 1,290 program hours. A new initiative now underway is the expansion of our program catalogue through selective representation of content that is complementary to our existing inventory. We are now in negotiation with select program producers and content owners to represent their programming globally.

MuchMusic USA continues to increase its subscriber base, now available to 24 million homes in the United States, up from 18 million homes the previous year, with expectations of reaching 40 million homes by the end of 2001. CHUM Limited's licencing agreement with MuchMusic USA Venture continues, with CHUM receiving ongoing licence fees for use of the MuchMusic brand and programming. CHUM Limited's 50 percent partnership interest in MuchMusic USA Venture was sold last year to Rainbow Holdings, our 50 percent equity partner.

On the channel development side of the business, CCI continues to enjoy rapid growth, with fiscal 2001 revenues exceeding expectations. Since 1992, we have developed channels and blocks of programming in six countries.

The highlight of the year was the launch of the Citytv franchise in Barcelona, Spain. CCI's partner is channel owner Grupo Grodo, a major Spanish media company with holdings that include newspapers, magazines, commercial production facilities and radio licences. Citytv Barcelona reaches a potential audience of four million people.

Citytv Bogota, CCI's first international Citytv format, celebrated its second successful year. The franchise continues to grow a strong, loyal audience despite economic and political uncertainty in Colombia. Speakers Corner has had a significant, positive social impact and has become the "voice of the people" in Bogota. Our partner, Casa Editorial El Tiempo, holds significant print assets in the country and is passionately behind the channel. Citytv Bogota serves over eight million people.

A major development deal was recently signed by CCI to develop a Citytv station in São Paulo, Brazil with the country's largest Internet service provider, iG. Our launch is expected in Summer 2002. With a potential audience of 17 million, this marks a significant new foray into the Latin American market for us.

CCI is in the final phase of developing multiple music channels in South America

with longstanding partner Cisneros Television Group. Cisneros has recently become part of the new Claxson, together with Hicks, Muse, Tate and Furst, and El Sitio, Latin America's leading Hispanic Internet company. Claxson is Latin America's largest media conglomerate, with holdings in cable and satellite services, thematic television channels, radio and entertainment.

CCI has also taken a leading role in the development of two-way, interactive, digital television in the world's largest market with the signing of an agreement with Shanghai-based RTV China. RTV holds the first official, independent, non-government channel licence granted by the Chinese regulatory body. CCI will provide content and develop a storefront, storefront operation in Shanghai. RTV was launched this year as an entertainment and education channel on broadband. With a signal originating from Shanghai, RTV will be received throughout The People's Republic of China (PRC) via cable and high-speed telephone delivery through a set-top box in the home.

Looking forward, despite the slowdown in new media development, CCI is forging ahead with early-stage broadband interactive television in PRC, Southeast Asia, Europe, Scandinavia and Latin America. We see tremendous potential in these areas with CCI positioned to take full advantage as new opportunities emerge. CCI anticipates strong interest from the international television community for FashionTelevisionChannel and SexTV: The

Channel and will continue to aggressively pursue opportunities to grow CHUM formats around the world.

**PHOTOS:**

*Page 13 (top to bottom):*

*CHUMCity Building, downtown Toronto*

*FashionTelevision diva, Jeanne Beker.*

*CP24 Anchor, Merella Fernandez  
credit: Andrew MacNaughtan*

*Denzel Washington gets the Star! treatment*

*Superstars Barenaked Ladies at The New RO*

*Page 18 (top to bottom)*

*MuchMusic's Rick Campenelli and  
Britney Spears, streetfront  
credit: Barry Roden Photography.*

*Citytv Barcelona hits the streets*

*Citytv's Temptation Island I*

*Sarah Jessica Parker of Sex and the City, on Bravo!*

*Stars of Lexx, on Space  
credit: Courtesy of Salter Street*





# Growth Brands Content Vision Originality

AS A CONTENT-DRIVEN COMPANY, WE ARE FAMOUS FOR OUR STRONG, ORIGINAL BRANDS AND PROGRAMMING.

# Radio

WE ARE AN ORIGINAL FORCE IN BROADCASTING.

WE OFFER BRANDED, RESEARCHED RADIO FORMATS SERVING CITIES ON BOTH COASTS AND KEY MARKETS IN BETWEEN. CHUM'S TARGETED RADIO BRANDS AND DISTINCT CONTENT RESPOND TO LOCAL NEEDS AND PROVIDE A FORUM FOR LISTENERS WHO WANT TO BE HEARD. WE CONTINUE TO DELIVER KEY DEMOGRAPHICS FOR OUR ADVERTISERS ACROSS OUR 28 RADIO STATIONS.

It was a profitable year for CHUM Radio with revenue at an all-time high in 2001. We surpassed \$100 million in sales for the first time. In a year of major transition for radio overall, CHUM Radio undertook a number of initiatives and leveraged our available resources to maximize our market position.

A major highlight for CHUM Radio this year was the launch in May 2001 of The Team – Canada's first 24-hour national sports radio network.

In addressing the market challenge faced by the AM radio industry, CHUM Radio had been exploring other growth opportunities and viable formats for our business. Our concept for The Team radio network is unique to North America. The format is based on key industry



\$100  
Chum

IN SALES -  
CHUM RADIO'S  
BEST YEAR EVER

# Radio



- IN SALES -

CHUM RADIOS

BEST YEAR EVER

It was a **profitable year** for CHUM Radio with revenue at an all-time high in 2001. We surpassed \$100 million in sales for the first time. In a year of major transition for radio overall, CHUM Radio undertook a number of initiatives and leveraged our available resources to maximize our market position.

A major highlight for CHUM Radio this year was the launch in May 2001 of The Team – Canada's first 24-hour national sports radio network.

In addressing the market challenge faced by the AM radio industry, CHUM Radio had been exploring other growth opportunities and viable formats for our business. Our concept for The Team radio network is targeted to North America's 11 million sports-based or key industry



CHUM RADIO  
UNDERTOOK A NUMBER  
OF INITIATIVES AND LEVERAGED  
OUR AVAILABLE RESOURCES TO  
MAXIMIZE OUR MARKET  
POSITION

research indicators that suggest affluent males 25 to 54 were ready for a national, 24-hour sports network that would also deliver local sports coverage – a win-win situation for sports fans.

The Team holds exclusive radio rights to the Toronto Blue Jays, the Montreal Expos, the 2001–2002 Grey Cup game, the Telus Skins game, as well as the Canadian rights to the Jim Rome Show, the number one radio sports talk show in North America.

CHUM Radio's team of sports radio professionals who manage this vibrant new format include high-profile personalities Jim Van Horne and Paul Romanuk from TSN, and award-winning sports writer Stephen Brunt from The Globe and Mail – all of whom give the Team instant credibility in the sports world. The format is now airing on stations in the Toronto, Ottawa, Vancouver, Halifax, Winnipeg, Peterborough, Kingston, and Kitchener markets.

CHUM Radio is committed to establishing and building The Team radio brand. A major marketing campaign, including television, newspaper, outdoor advertising, and blockbuster on-air promotions, is now underway.

When 1050 CHUM signed off the air on May 7 and was replaced by The Team, CHUM Radio set another first in the broadcast industry. We became the first and only broadcaster to leave the airwaves and to go online 24-hours a day.

Relocating 1050 CHUM on the Internet as 1050chum.com was a business decision

designed to minimize the costs associated with over-the-air transmission and to adapt our radio content to the changing demands of the broadcast landscape. Through the Internet, 1050chum.com has intensified its interactive relationship and intimacy with our audience, as well as provided our listeners with access to broadcasts in real time.

The evolution of 1050 CHUM exemplifies how traditional radio – and CHUM Radio – is evolving in an industry undergoing technological change. With our powerful branding, content and online personalities, we are in an excellent position to expand our radio presence and build strong franchises that meet the needs of our audiences and advertisers.

Last year, we reported that CHUM and Standard Broadcasting had come to an agreement to exchange assets in Montreal and Winnipeg. The agreements have been signed and filed with the CRTC. A decision is expected in early 2002.

CHUM Radio scored a big win last year with the launch of London's STAR 102.3 FM. This adult pop radio station plays "Today's Best Music" for the hip adult consumer. At the end of its first year in operation, the station is number one in reach for females 18 to 49 and number two in reach for adults 18 to 49 in the London Central area, as measured by the Bureau of Broadcast Measurement for Spring 2000.

Effective February 1, 2001, CHUM purchased the assets of Lindsay radio station CKLY-FM. This year, we fine-tuned the station's music

WE'RE COMMITTED TO LEADING  
THE WAY TO UPGRADING  
FROM ANALOGUE TO DIGITAL  
AND DELIVERING A  
STATE-OF-THE-ART AUDIO AND  
VISUAL EXPERIENCE TO  
OUR LISTENERS

WHILE CHUM RADIO GENERATED  
OUR HIGHEST SALES REVENUES  
EVER IN FISCAL 2001, WE ARE  
DETERMINED TO BUILD ON THAT  
SUCCESS BY FOCUSING ON THE  
UNIQUE NEEDS OF OUR LISTENERS  
AND ADVERTISERS.

programming, introduced a new morning show, and developed new sales-force initiatives to drive advertising revenues.

The CHUM Radio Network (CRN) enjoyed another productive year, especially in short-form programming and one-off specials. CRN formalized an arrangement with BBC through musicmusicmusic inc to distribute the BBC In Concert series and presented a number of Music On Line programs, hosted by CHUM-FM's Marilyn Denis. Music stars included Jennifer Lopez, Ricky Martin and Janet Jackson. CRN's full-length shows, including Dr. Laura and Coast to Coast with Art Bell, continue their year-after-year successes across Canada.

CHUM continues to work closely with other major Canadian radio broadcasters to drive the implementation of digital audio broadcasting (DAB). DAB elevates the audio component of radio to CD-quality sound. In addition, it delivers a wide range of value-added data services to audiences as they listen to their favourite radio programs.

CHUM Radio is represented among the 57 DAB stations licensed to Toronto, Vancouver, Montreal and Windsor that make digital radio broadcasting available to 10 million Canadians. Applications have been filed to launch DAB in the National Capital Region, thereby placing another 1.1 million listeners within reach of digital radio.

Digital radio receivers are now reaching retail shelves and are available as in-car units and

home receivers. Texas Instruments – a U.S.-based electronics company – has recently announced the development of a new DAB receiver chip that costs a fraction of the current chip price. This revolutionary chip technology will substantially reduce the price of a new generation of DAB receivers.

Most significantly, DAB receivers will be factory-installed original equipment in 2003 model year cars and trucks from General Motors of Canada available in the second quarter of 2002. European auto manufacturers are also committed to in-car DAB receivers for the 2003 model year.

CHUM Radio is leading the way in upgrading from analogue to digital and delivering a state-of-the-art audio and visual experience to our listeners. As with any new technology, DAB will take significant time to reach full market penetration. With supportive government policy, strong technical and business acumen, and the right combination of market forces, DAB is poised to lead Canadian radio broadcasters to the digital future.

Looking forward, while CHUM Radio generated our highest sales revenues ever in fiscal 2001, we are determined to build on that success. CHUM Radio, with its powerful branding and original content and formats targeted to specific demographic and local audiences, is in an excellent position to build on our strengths, to pursue sustainable growth opportunities, and to continue to play a strategic and leading role in the Canadian radio industry.

**PHOTOS:**

*Page 25 (top to bottom):*

*105.3 Kool FM's mid-day host Stacey Thompson on the air in Kitchener/Waterloo*

*Roger, Rick and Marilyn: the CHUM-FM Morning Team*

*The Morning X with Kelly, Dave and "Chuck the freak," rock Windsor/Detroit at 89-X*

*Sugar Jones, live in Ottawa*

*Tracey Hill, morning co-host of Majic 100's "Kevin, Bill and Tracey" in Ottawa*





# Growth Brands Content Vision Originality

WE'VE BUILT ONE OF THE  
BEST TARGETED TELEVISION  
RADIO AND NEW MEDIA  
BUSINESSES ON EARTH.  
SOME BROADCASTERS  
SELL THEIR PROGRAMMING  
TO THE INTERNATIONAL  
MARKET, BUT HOW MANY  
CHANNELS EXPORT THEIR  
STYLE AND VISION?

# New Media

AS A CONTENT-RICH COMPANY,  
WITH A VALUABLE COLLECTION OF BRANDS ACROSS  
DIFFERENT FORMATS, CHUM CROSS-PROMOTES  
OUR BRANDS ON MULTIPLE PLATFORMS, INCLUDING  
INTERACTIVE TELEVISION, WIRELESS AND  
EXCLUSIVE CHUM-BRANDED INTERNET PROPERTIES.  
CHUM'S NEW MEDIA ASSETS ARE A PROFITABLE  
REVENUE STREAM THAT CONTINUES TO GROW AS WE  
INVEST IN NEW TECHNOLOGIES IN A CAREFUL,  
SUSTAINABLE MANNER.

## CHUMCITY INTERACTIVE

In spite of the dot com meltdown, advertising revenues for CHUMCity Interactive increased by 30 percent over the previous year. Our business strategy for fiscal 2001 has been to focus on growing advertising and promotional revenues, while continuing to carefully invest in our infrastructure and production operations.

CHUMCity Interactive has packaged and made available to online audiences all of CHUM Television's creative broadcast content in popular entertainment and information categories. Fully integrated and supported by our well-known TV brands, CHUMCity Interactive delivers digital news and information, music and entertainment, science fiction, science fact, lifestyle and education content to online communities worldwide. We



#1

DESTINATION FOR  
CANADIAN TEENS  
ON THE WEB\*

[WWW.MUCHMUSIC.COM](http://WWW.MUCHMUSIC.COM)

\*INCLUDING ALL CANADIAN  
AND INTERNATIONAL SITES  
(YOUTH CULTURE INC., 2000)

# New Media

AS A CONTENT-RICH COMPANY,  
CHUM IS POSITIONED TO TAKE ADVANTAGE OF THE  
MATS. CHUM CROSS-PROMOTES  
TIPLE PLATFORMS, INCLUDING  
EXCLUSIVE CHUM-BRANDED INTERNET PROPERTIES.  
CHUM'S NEW MEDIA ASSETS ARE A PROFITABLE  
DESTINATION FOR  
DEMAND IN TEENS  
TECHNOLOGIES IN A CAREFUL,  
ON THE WEB  
ON A SUSTAINABLE MANNER.

[www.muchmusic.com](http://www.muchmusic.com)

## MOMENTUM INTERACTIVE

THE PAST TWO YEARS HAVE BEEN A TESTIMONY TO CHUM CITY Interactive's ability to adapt to the market. In 2001, the company's strategy for fiscal year 2002 has been to focus on the development of new revenue streams, while simultaneously investing in our infrastructure and production operations.

CHUM CITY Interactive has positioned itself to take advantage of all of the opportunities available in the digital media industry. We committed to maintaining our core strengths, by continuing to develop our web properties and expanding our reach through strategic alliances and partnerships. We are also focused on creating a strong and sustainable business model that will allow us to compete in the long term. We



currently operate seven online destinations: [www.citytv.com](http://www.citytv.com), [www.muchmusic.com](http://www.muchmusic.com), [www.bravo.ca](http://www.bravo.ca), [www.muchmoremusic.com](http://www.muchmoremusic.com), [www.spacecast.com](http://www.spacecast.com), [www.star-tv.com](http://www.star-tv.com), and [www.pulse24.com](http://www.pulse24.com).

To better streamline the day-to-day production of our sites, the CHUMCity Interactive production unit was reorganized into fully autonomous, dedicated teams to address the goals of each respective brand. This restructuring has included slicing Web Development away from Information Technology, resulting in improved backend infrastructure and greater efficiencies.

The redesign of a number of our sites, including web interface enhancements, has allowed us to create dynamic content that requires less ongoing maintenance.

Our focus is to continue to build audience intimacy and to deliver more opportunities for our viewers to interact with us and to see the brand, feel the brand, and touch the brand. Initiatives that we have undertaken to build audience intimacy include: the addition of MuchNEWS INFORMER to MuchMusic's website that is downloaded to the user's desktop, and provides real-time streaming of entertainment news headlines; and the re-launch of fashiontelevision.com in a monthly "e-'zine" (magazine) format, including web-only content that can be downloaded and traded with friends.

Another significant achievement included the development of the Sex and the City microsite, which received a peak of 200,000 user sessions in one week and was

written up in Entertainment Weekly and the Chicago Tribune.

Building relationships with our audiences has always been a priority for CHUM. We have entered into an agreement with Wink – who has in turn entered into an agreement with Rogers Cable Inc. and Bell ExpressVu – that will provide our digital television audiences with Enhanced TV. This new service allows our audiences to interact with a program or commercial. Viewers with a digital set top box may call up Enhanced TV content by clicking on an icon in the upper left corner of their television screen. This will give them access to more information, including news, sports, weather, or entertainment briefs. As well, Enhanced TV turns one-way viewing into two-way interactivity with shopping and direct marketing possibilities. This enables CHUM to better communicate with our viewers and provide our advertisers with new ways to reach customers.

In the year ahead, CHUMCity Interactive will increase its investment in improving automation, database technology, web security and off-site hosting. This will strengthen our infrastructure and allow our continuing growth and diversification. The investment underscores our commitment to a "create once, publish many" business model where whatever is created for our websites can be systematically rendered for other devices, including interactive television and wireless products.

#### **CHUM RADIO.**

CHUM Radio continued to embrace the world of new media through the initiatives of [chumfm.com](http://chumfm.com) and the launch of [theteamradio.com](http://theteamradio.com) and nine affiliate Internet sites.

With the launch of The Team, Toronto said goodbye to a radio institution. 1050 CHUM was Canada's first station to go 24 hours, top-40 back in 1957. So, it was only fitting that it should lead the way again by becoming the only Canadian broadcaster to leave the airwaves and go online 24-hours a day.

Relocating 1050 CHUM on the Internet as [1050chum.com](http://1050chum.com) provides growth opportunities in non-traditional revenue streams. In addition to traditional Internet sales, CHUM can now sell air time in audio streams. The long-awaited history of CHUM Radio, *The CHUM Story*, will also be for sale online.

The number of [www.chumfm.com](http://www.chumfm.com) new users continues to grow. Our online database allows us to communicate one-on-one with our users, through personalized newsletters and, in the coming year, will continue to be an important source of revenue. The [chumfm.com](http://chumfm.com) site receives over two million page impressions a month.

CHUM Radio moved into online video for the first time last year. We now produce high-quality video programming specifically for the Internet. Our users regularly check out our weekly video-on-demand shows, such as Music News with Ingrid Shumacher, The CHUM FM Listener Top 30 – Internet Edition with Gord James and Entertainment News with Lee Eckley. Each show is produced to

include a 15-to-20 second commercial. Users tell us that seeing commercials online enhances their viewing experience.

In 2001, CHUM Radio produced live video productions that included commercials for some of our clients. Our live video productions included interviews with Jennifer Lopez, Ricky Martin, Janet Jackson and Lionel Ritchie. We teamed up with Excite.ca to provide unlimited video streams to our users and to promote our events across Canada, the United States, the United Kingdom and Japan. The Ricky Martin cybercast was so successful that Excite.ca had to turn to Excite.com in San Francisco to help handle the traffic.

Looking forward, CHUM Radio has started preparing for the next big change in Internet content delivery – specifically broadband, an explosion in wireless Internet technology and WebTV – and we're ready. Our plans for next year include a wireless launch of [chumfm.com](http://chumfm.com) and the [www.teamradio.com](http://www.teamradio.com), the creation of more interactivity, and broadband content for all of our Internet properties.

#### **PHOTOS:**

*Page 33 (top to bottom):*

[www.fashiontelevision.com](http://www.fashiontelevision.com)

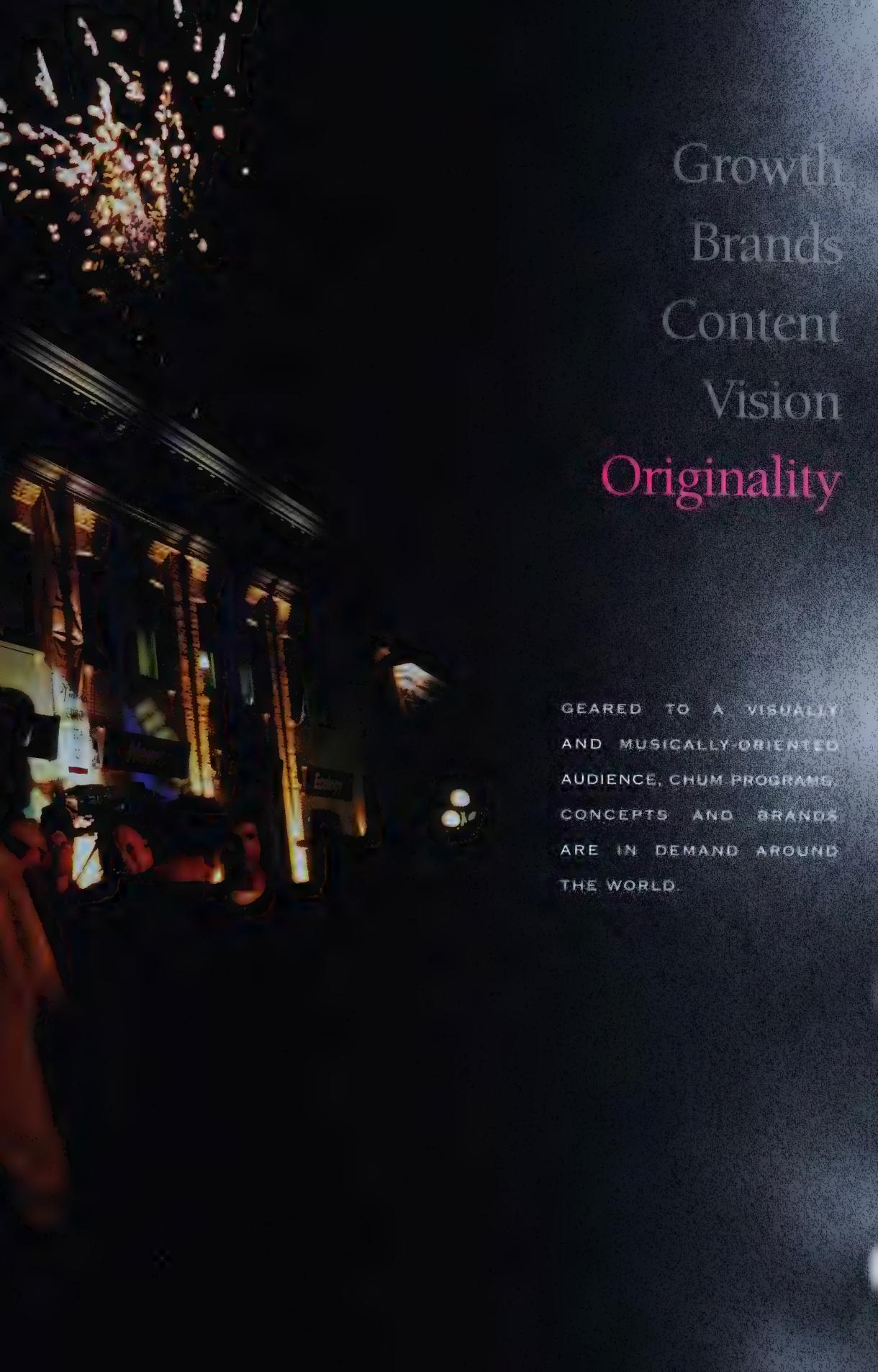
[www.spacecast.com](http://www.spacecast.com)

[www.thenewvi.com](http://www.thenewvi.com)

[www.muchmusic.com](http://www.muchmusic.com)

[www.chumradio.com](http://www.chumradio.com)





# Growth Brands Content Vision Originality

GEARED TO A VISUALLY AND MUSICALLY-ORIENTED AUDIENCE, CHUM PROGRAMS CONCEPTS AND BRANDS ARE IN DEMAND AROUND THE WORLD.

# Community

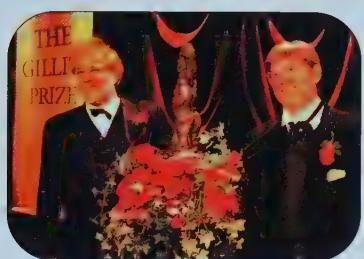
CHUM'S PRESENCE IN THE COMMUNITY IS STREETFRONT,  
OPEN, VIBRANT, HIGHLY VISIBLE, ACCESSIBLE.  
EACH OF OUR TELEVISION AND RADIO STATIONS IS A  
COMMITTED AND ENGAGED COMMUNITY PARTNER.  
WE ALSO PUT A HIGH VALUE ON DEVELOPING CANADIAN  
TALENT IN FILM AND BROADCASTING. OUR LOYAL,  
LOCAL AUDIENCES INTERACT WITH US EVERY DAY TO TELL  
US WHAT THEY LIKE, WHAT THEY NEED. THAT'S ABOUT  
AS LIVE AND INTERACTIVE AS IT GETS.

## CHUM RADIO

CHUM Radio plays a leading role in the cultural and charitable activities within our communities. Our stations support local citizens' groups and *pro bono* and service organizations raising funds and awareness. Here is a small cross-country sample of our activities.

## VANCOUVER

ArtsFACT (Arts Foundation to Assist Canadian Talent) – a cultural initiative funded solely by 103.5 QM-FM to support the visual and performing arts – distributed grants totalling \$35,000 to non-profit organizations, including support for a production by The Firehall Theatre Society created through their First Nations internship program.



#### WINNIPEG

Q94FM (CHIQ-FM) supported community fundraisers year-round, including The Teddy Bear's Picnic in support of the Children's Hospital Foundation of Manitoba, raising over \$65,000.

#### WINDSOR

89X (CIMX-FM) and Life Fest Canada, in support of the AIDS Committee of Windsor, brought together the biggest names in electronic music raising over \$40,000. AM800 and Bluesfest International collected over \$70,000 for local charities. As well, AM800 supported W.E. Care For Kids, raising \$200,000 for pediatrics.

#### KITCHENER

The 105.3 KOOL FM (CFCA-FM) Poster Boy Campaign raised an incredible \$126,000 toward construction of the Grand River Regional Cancer Centre. 105.3 KOOL FM also launched the KOOL To Care Campaign to raise awareness for 12 community and charitable organizations.

#### TORONTO

Team 1050, in association with the Toronto Blue Jays, was proud to sponsor the first ever Field of Dreams Gala. The event raised over \$250,000 to support community baseball programs and rebuild local baseball fields.

#### PETERBOROUGH

Country 105 (CKQM-FM) and CKPT's biggest campaign of the year was the Christmas Toy Drive. The entire staff collected toys, food and thousands of

dollars to fill the Salvation Army Christmas Campaign hampers.

#### OTTAWA

580 CFRA held an all-day radiothon to raise money for Ottawa-area less fortunate families. Listeners and corporate sponsors donated \$102,000 toward food baskets for approximately 1,350 families.

MAJIC 100 (CJMJ-FM) participated for its eighth year in Toy Mountain. The station, with the help of its listeners, donated \$17,000 and toys to the Salvation Army.

#### KINGSTON

The Team 1380 (CKLC-AM) and 98.3 FLY-FM (CFLY-FM) Toy Drive is an annual campaign managed entirely by the stations and provides Christmas toys to over 2,500 less fortunate children.

#### MONTREAL

CHOM FM staff collected over \$10,000 for the Montreal Children's Hospital Foundation by taking on local businesses in a series of softball games.

#### HALIFAX

C100 conducted a Toy Drive kick-off during the holidays that generated 7,000 toys. The annual 'Stuff-A-Bus' campaign resulted in seven Metro Transit buses filled with food donations for the Metro Food Bank.

#### THE CHUM CHARITABLE FOUNDATION

The CHUM Charitable Foundation is dedicated to financially assisting charitable wish organizations and social service

agencies as they carry out the work to which they are dedicated.

One of the major fundraising events in support of the CHUM Charitable Foundation has been our Annual Golf Classic. It was held on June 18, 2001 at the Angus Glen Golf Club, in Markham. Support from our sponsors, Bell Mobility and Novell Canada, along with our clients, was once again outstanding and the tournament was sold out, raising the most money in its history.

CHUM listeners and viewers in the Toronto area generously support the Foundation year round, but it is the CHUMCity Christmas Wish – the major annual project of the Foundation – that consistently receives an overwhelming response.

In 2000, with the help of donations from our listeners and viewers, The CHUMCity Christmas Wish, in conjunction with Toronto Social Services, helped over 600 agencies, servicing more than 250,000 individuals and families in need.

The CHUMCity Christmas Wish remains the largest distributor of toys to those in need in the Greater Toronto area, provides financial assistance to hundreds of agencies, and is the last hope for many to give a child a Christmas. In 2000, our boundaries were stretched as we helped out those in need throughout the province.

The campaign's success in 2000 can be attributed to the outstanding efforts of the staff and volunteers who are passionate about the program, and the relationships

between the CHUMCity Christmas Wish and our many corporate and private donors.

We look forward to a very special year for The 35th Annual CHUMCity Christmas Wish. The United Nations has declared 2001 the International Year of Volunteers. This is important to us because our toy program is volunteer-based and in 2000, we hosted thousands of volunteers and their families who made our toy campaign a success.

#### CHUM TELEVISION

CHUM Television stations are committed partners. We help organizations to communicate their messages, raise funds, and promote understanding of social issues, both locally and nationally. Here are just a few highlights.

#### CITYTV

Over the past year, Citytv and CablePulse24 collectively donated approximately \$1.4 million in airtime to charities and community-driven events.

In addition to our substantial on-air contribution, this year we've focused energies on exploring how Citytv can make Toronto a better place to live. We have developed a program called The LivingCity, designed to foster positive change in our city. We've opened our doors and airwaves to invite prominent Torontonians and viewers to tell us what they would do to make Toronto a better place to live.

Every Wednesday on CityPulse @ Six, we feature The Living City's heroes: the people

whose personal and professional lives are wrapped around the city they love.

We've assembled a Task Force of Citytv staff dedicated to hitting the streets to initiate goodwill projects and charitable work. Our team has cleaned up the lakeshore, planted trees on Earth Day, collected children's clothing and books and participated in the Habitat for Humanity's Mega Build program.

Citytv has forged a promotional partnership with The New Pioneers Awards, which were created to showcase the achievements of immigrants and refugees who have overcome barriers, upgraded their skills and education and are giving back to the community.

#### THE NEW PL

The New PL provided extensive assistance, as well as over \$500,000, in support of the 2001 Canada Summer Games hosted by the communities of London, St. Thomas, Woodstock and Grand Bend.

The New PL, The New WI and The New NX once again partnered with the Western Fair Association to produce the largest Youth Junior Talent competition in Southwestern Ontario. The stations provide over \$150,000 annually to the competition, which has spring-boarded numerous professional careers over the past 20 years.

#### THE NEW RO

NewsSixOttawa hosted a live nine-hour Ottawa Cancer Centre Telethon, raising

over \$1 million for research, as well as a live 14.5 hour Easter Seals Telethon that raised \$114,000 for children with physical disabilities.

This year, The New RO was involved in roughly 35 sponsorship and charity events, as well as a main sponsor of H.O.P.E. (Helping Other People Everywhere). Donations were up by 20 percent from last year, and H.O.P.E. has attributed much of this increase to the significant on-air support given by The New RO.

Through The New RO's Program Development Fund, we have donated support and airtime to seven independent film and documentary productions.

#### THE NEW VR

The New VR continues to provide support for upwards of 30 different community organizations in Central Ontario.

This year, an exciting new partnership has been forged with members of the regional native community, G'Nadjiwon Ki (Beautiful Land) Aboriginal Tourism Association. We have produced a series of vignettes that feature aboriginal art, culture and interpretive programs. These mini-documentaries create a mosaic of aboriginal culture in The New VR's broadcast area.

#### MUCHMUSIC & MUCHMOREMUSIC

MuchMusic and MuchMoreMusic have lent support to over 100 charitable and not-for-profit organizations nationwide this year. Our stations create meaningful partnerships with organizations that are

involved in issues which are relevant to our audiences.

Once again, we partnered with several national organizations, including The Canadian Cystic Fibrosis Foundation's Shinerama campaign to raise awareness of CF on university and college campuses across Canada; The Canadian Music Therapy Trust Fund; Wired Woman, supporting Canadian women in technology; Frontier College and Beat the Street (youth literacy); YouCAN's Third National Youth Conference on Peace Building and Conflict Resolution; eXpect Theatre's Survival U tour, a theatre troupe that travels to universities across Canada, addressing social issues encountered by first-year students; The Canadian Foundation for AIDS Research's Have a Heart campaign; Planned Parenthood; and the 2001 national conference for Canadian Youth Against Impaired Driving.

#### **STAR!**

In its second year, Star! produced a one-hour special on Fashion Cares – a retrospective on 15 years of Fashion Cares as a charity event raising money for AIDS research and awareness. We also sponsored “We’re Funny That Way” – a gay and lesbian comedy festival charity event for AIDS research.

#### **BRAVO!**

Bravo! provides Canadian artists in all regions with unprecedented national television exposure. Our on-air support for Canadian artists includes extensive editorial coverage, as well as television sponsorships of national and local arts events.

Highlights are: Bravo!'s unique partnership with the National Ballet School, including sponsorship of a national tour that showcases the work of the School to thousands of children across Canada; the critically-acclaimed presentation of The Giller Prize, the nation's premier literary event, including Bravo!'s live broadcast of the annual Giller Award ceremony.

#### **MEDIA EDUCATION**

Our pioneering commitment to media education (media literacy) is a major public service initiative that CHUM has undertaken for a number of years. As creators of distinctive programming content, we believe that it is important to encourage viewers to become literate about screen-based media, namely, television, film and new media. Many of our stations provide original, commercial-free educational programming and study guides to educators free of charge.

In addition to being aired as part of our regular schedule, our original media literacy programming is telecast as part of Cable in the Classroom (CITC). CHUM is a Founding Member of CITC and many of our channels participate in this public service partnership between the cable industry and cable content providers.

MuchMusic's innovative programming for secondary school teachers included: Hip Hop Consciousness (social consciousness and materialism in hip hop); and Musicians in the War Zone, a three-part program, produced in collaboration with War Child Canada, to raise awareness about youth in war-torn countries. It features prominent

Canadian musicians as narrators, helping to bridge the gap between war-affected youth and our viewing audience of teens and young adults.

We have received numerous awards for our original media education programming. Our Womaging program – which addresses the issue of female body images depicted in pop culture – was honoured as best Documentaries & Public Affairs program (Specialty Television) by the Canadian Association of Broadcasters. By Their Own Hand, a program examining teen suicide in popular culture, was recognized with the 2001 Galaxi Award, Cable in the Classroom category.

CHUM was the sole sponsor of the first Think Tank for The Canadian Association of Media Education Organizations (CAMEO) that brought together volunteer provincial leaders in media education to develop a strategic plan for the organization.

CHUM also supports numerous teacher training sessions and workshops throughout Canada, such as two summer institutes in Vancouver and Victoria respectively. The New PL created a series of public service announcements to promote the importance of media education to viewers, and provided \$200,000 in airtime to support the campaign.

In March of this year, we convened the CHUM Television National Colloquium on Cultural Diversity and Media, which was broadcast live on Canadian Learning Television, with portions telecast on C-PAC, Vision, and the Aboriginal Peoples

Television Network, and shown on the CHUM website.

CHUM continues our support of the Media Awareness Network, an organization that promotes media education in schools, homes and communities through the use of their Internet site.

#### INVESTMENT IN CANADIAN TALENT

#### VIDEOFACT AND PROMOFACT

VideoFACT (Foundation to Assist Canadian Talent) is a music video production fund created and solely sponsored by MuchMusic, MusiquePlus and MuchMoreMusic. With PROMOFACT, MuchMoreMusic's website and electronic press kit (EPK) production fund launched in 1998, we allocated \$3,247,550 towards 227 music videos, 48 websites and 17 EPKs for Canadian artists from across the country.

Since its inception, the Foundation has allocated \$19,791,207 towards 2,150 projects, playing a part in the careers of many Canadian success stories, including Celine Dion, Barenaked Ladies, Sarah McLachlan, Jean Leloup, Matthew Good Band, Sum 41, Kardinal Offishall and Sloan, to name a few.

Public awareness and educational campaigns are also a big part of the Foundation's mandate. VideoFACT representatives attended a number of regional music industry conferences to discuss music video and new media production and funding opportunities for Canadian artists and directors.

#### BRAVO!FACT AND MAXFACT

Bravo!FACT (Foundation to Assist Canadian Talent), funded entirely by Bravo!, provides grants for the production of Canadian short films and arts videos. Last year, Bravo!FACT allocated \$1,026,803 in grants. BravoFACT! has awarded over \$5 million since 1995.

Bravo!FACT held screenings and cocktail receptions in Toronto, Calgary, Vancouver and Victoria. In addition, Bravo!FACT shorts were screened at the Toronto International Film Festival.

The Museum of Modern Art (MoMA), in New York City, featured Bravo!FACT shorts in an exhibit. As well, Bravo!FACT produced its first DVD, featuring the Bravo!FACT-funded *Toothpaste*, a five-minute domestic opera.

MaxFACT (Foundation to Assist Canadian Talent), funded entirely by MusiMax, provides grants for the production of Quebec music videos. MaxFACT distributed \$233,000 in grants for videos that aired on MusiMax. MusiMax has contributed a total of \$764,125 to MaxFACT since the station was launched in 1997.

#### FACTOR, STARMAKER AND MUSICACTION

CHUM Radio is strongly linked to the success of the Canadian music industry through a series of targeted talent development initiatives. Since 1982, CHUM Radio has contributed over \$3 million for the production and promotion of Canadian musical recordings under the aegis of

FACTOR, the Foundation to Assist Canadian Talent On Records, and ongoing financial support to MusicAction, the francophone counterpart. This year, CHUM Radio earmarked over \$1 million in additional funding to new industry-wide Canadian talent development initiatives, such as the StarMaker Fund, launched by the Canadian Association of Broadcasters, and Canadian Music Week.

#### PHOTOS:

*Page 39 (top to bottom):*

*Mark McKinney's Bravo!Fact-funded, Toothpaste.*

*Giller Prize 2000 co-winners David Adams Richards and Michael Ondaatje  
credit: Tom Sandler Photography*

*Q94-FM Winnipeg's Teddy Bear Picnic*

*CHUM Television National Colloquium on Cultural Diversity and Media, Victoria, March 2001*

*Ed the Sock greets viewers at the CHUMCity Building Open House  
credit: Barry Roden Photography*

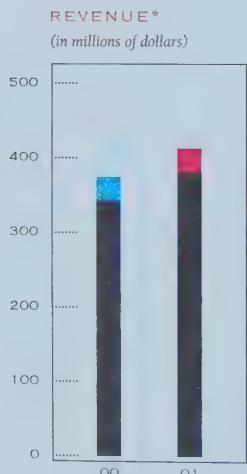
# **2001 Financial Review**

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## OPERATING RESULTS

The Company's operating results reflect its business of broadcasting through ownership and operation of 28 radio stations (13 AM and 15 FM), the CHUM Radio Network, six television stations (excluding our new acquisitions CIVI and CKVU), and the MuchMusic, MuchMoreMusic, Bravo!, Space, and Star! networks across Canada, all operating as divisions of the Company. Learning and Skills Television of Alberta Limited (ACCESS and Canadian Learning Television) and Pulse 24 Partnership (CablePulse 24), a 24-hour live regional English language news and information channel focused on Southern Ontario, are business entities of which the Company owns 60% and 70.1% respectively. The Company's 50% interest in MusiquePlus Inc., which offers two different French music video services, MusiquePlus and MusiMax, operates in partnership with Astral Media Inc. The Company is also engaged in the environmental background music business through the CHUM Satellite Services division and through its 75% interest in NovaVision Multimedia Inc. serving the Quebec market. Each of its broadcasting stations and the background music business operates autonomously under local management, reporting to senior officers of the Company.



\*less agency commissions

Total revenue for the year ended August 31, 2001 increased to \$413.1 million, a net increase of \$37 million or 9.8%, compared with \$376.1 million in 2000. Factors contributing to the increase over last year were:

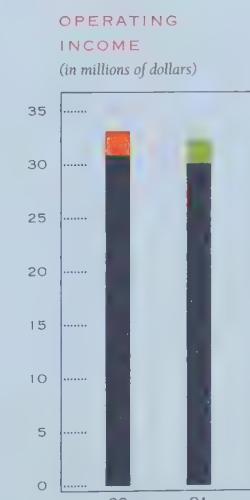
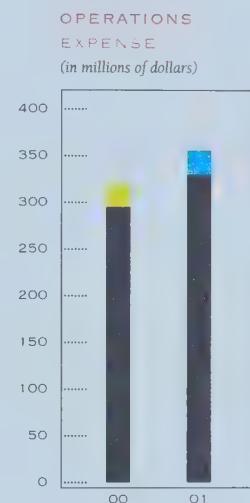
- Radio revenues increased to \$108.7 million, up from \$98.2 million in the previous year, an increase of \$10.5 million or 10.7%. The launch of our new radio station (CHST-FM) in London, Ontario on September 1, 2000 and the acquisition of CKLY-FM in Lindsay, Ontario (effective February 1, 2001), accounted for \$1.9 million of the increased revenue. For those radio stations operating for twelve months in both fiscal 2000 and 2001, revenues for the AM and FM stations were up 5% and 11% respectively in fiscal 2001, compared with the corresponding period in the previous year. These sales improvements reflect our radio stations' strong positions in the Fall 2000 and Spring 2001 radio surveys.

- Television revenues for the year increased to \$292.5 million, up \$26.1 million from \$266.4 million reported last year. The continuing growth of the Company's Specialty television operations was the biggest contributor to this increase, with sales increasing in excess of 18% over last year. The balance of the growth came from a modest sales increase in the Company's Conventional television operations.

Operations expense increased in fiscal 2001 to \$356.3 million or 10.8% higher than last year. Approximately 64% of the Company's total operations expense comprises employee remuneration and benefits, together with purchased programming costs. The remaining 36% includes other programming costs, regulatory licensing fees, technical facilities maintenance costs, distribution, research, advertising, general administration and overhead expenses. Increased operations costs amounting to \$7.9 million have been incurred by the Company's radio operations, attributable to the start-up of CHST-FM London, the acquisition of CKLY-FM Lindsay, and the development and build of the Company's new all-sports radio network ("The Team"). During fiscal 2001, the Company made investments in new media technologies for both its radio and television operations designed to provide new opportunities in non-traditional revenue streams. Also contributing to the increased operations expense were the new Conventional television programming initiatives, launched in Fall 2000, as both internally produced and acquired programming costs increased to improve the program offering. Excluding these specific contributing factors, the balance of the increases amounted to 4.8%, compared to the corresponding period last year.

Operating income remained strong in fiscal 2001 at \$32.4 million. Consolidated margin, defined as operating income before depreciation, amortization, interest, other income and taxes (EBITDA) divided by sales, was 13.8%, compared with 14.5% in 2000.

Depreciation expense in fiscal 2001 increased over the previous year's depreciation charge by \$2.1 million. Approximately



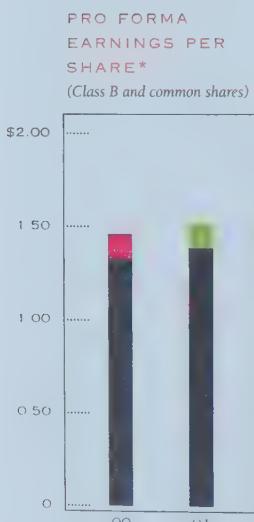
one quarter of this increase is attributable to the new businesses described above that commenced operations during the year. Another quarter of the increase results from the Company's Ottawa-based radio and television stations moving into the new premises, known as the CHUM Market Media Mall, at 87 George Street in Fall 2000. The balance of the increased depreciation cost has resulted from capital spending projects at Citytv and MuchMusic in the CHUMCity Building at 299 Queen Street West, Toronto.

In fiscal 2001, interest expense increased by \$1.3 million to \$6.5 million, as the Company's short-term borrowing increased throughout the year to fund investing activities. On average, interest rates charged to the Company in 2001 were about the same as those charged in fiscal 2000.

For the year ended August 31, 2000, the Company reported a gain of \$9 million, net of income taxes of \$6.2 million, from its sale of its 50% partnership interest in MuchMusic USA Venture. No comparable transaction took place in fiscal 2001.

The effective income tax rate in fiscal 2001 of 44.5% is down from the 45.9% charged last year. For the year ended August 31, 2001, the Company adopted the asset and liability accounting method for income taxes. Under this method, future tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of the assets and liabilities. This new accounting standard of the Canadian Institute of Chartered Accountants (CICA) has been applied prospectively. As a result of this change, retained earnings have been reduced and future income taxes have increased by \$1.8 million as at September 1, 2000.

Earnings per share (EPS) for both Class B and common shares for fiscal 2001 was \$1.51 calculated on the weighted average number of shares outstanding for the year of 11.6 million. The EPS for fiscal 2000 was \$2.23, based on the weighted average number of shares outstanding of 11.6 million. Fiscal 2000's net earnings before the gain on the sale of MuchMusic U.S.A. Venture was \$17 million or \$1.46 per share.



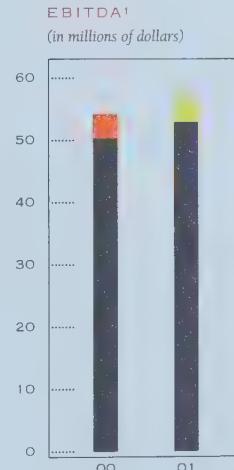
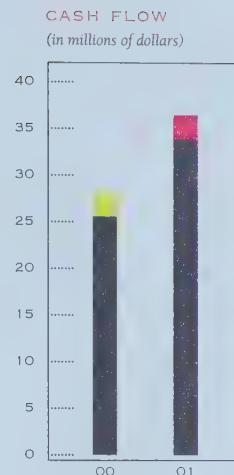
\*Fiscal 2000 excludes gain on sale of MuchMusic USA Venture of 77¢ per share.

## LIQUIDITY AND CAPITAL RESOURCES

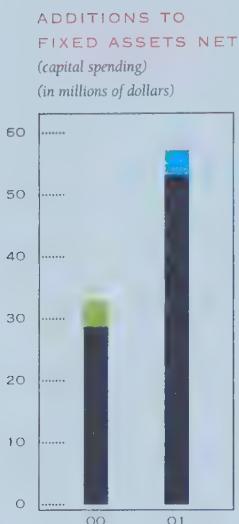
Cash flow from operating activities before change in non-cash balances related to operations increased by \$8.3 million to \$36.5 million or \$3.14 per share, compared with \$28.2 million or \$2.43 per share last year. For the year ending August 31, 2000, the income tax charge on the gain on the sale of the Company's investment in its 50% interest in MuchMusic USA Venture of \$0.53 per Class B and common share was charged against cash flow from operating activities, while the proceeds on the sale of the investment was excluded from cash flow attributable to operating activities. By adjusting for this tax charge, the Company would have reported cash flow from operating activities before change in non-cash balances related to operations of \$2.96 per share for fiscal 2000. In fiscal 2001, after giving effect to the above noted adjustment in cash flow, cash flow from operating activities before change in non-cash balances was \$3.14 per share, compared with \$2.96 in fiscal 2000. The improvement and growth in operating results also resulted in increased EBITDA.

Short-term program rights increased by \$6.8 million and short-term program rights payable decreased slightly in fiscal 2001 for a combined use of cash of \$7.9 million. This, together with a decrease in long-term program rights, net of the decrease in long-term program rights payable, has decreased cash by \$1.9 million. At year-end, the Company had reported total liabilities and future commitments payable estimated at \$154.6 million for the years ending August 31, 2002 to 2005. The Company continues to resell certain of these rights to non-competing Canadian broadcasting operations, including Specialty and Conventional television. The proceeds from the sale of these rights continue to offset the cost of the total purchase price. In the future, these offsets will be less significant, as the Company will maintain these program rights for its own use in its newly acquired television properties.

During fiscal 2001, total expenditures to acquire fixed assets amounted to \$57.1 million, funded by a combination of Company funds and a draw-down of the demand loan facility



<sup>†</sup> Earnings before Interest,  
Taxes, Depreciation and  
Amortization



provided by the Company's bankers, compared with \$32.6 million in acquisitions made in fiscal 2000. Total capital expenditures for the Company's newly licenced television station, CIVI-TV in Victoria, British Columbia ("The NewVI") and the Company's seven new digital Specialty channels – all new businesses which were launched subsequent to August 31, 2001 – accounted for \$31 million of these additions for plant and equipment. The Company also established a three-year facilities improvement program at 299 Queen Street West to expand automation and to improve efficiencies at the CHUMCity building, which, together with a new generator and power upgrade at 299 Queen Street W., as well as a capital payment for our primary transponder on Anik F-1 to facilitate the broadcast of our Specialty television channels, amounted to an investment of approximately \$10 million in fiscal 2001. The balance of the capital expenditures were for normal replacement of, and improvements to, broadcast and other equipment.

During fiscal 2000, pursuant to a stock exchange normal course issuer bid, the Company purchased and cancelled 1,000 Class B shares at an average price of \$30.00 per share. The stock exchange normal course issuer bid expired on September 8, 2000 and was not renewed.

In fiscal 2001, the Company declared and paid a regular quarterly dividend of \$0.02 per share and a special dividend of \$0.14 per share to holders of its Class B shares. The common shareholders received a regular annual dividend of \$0.08 per share and a special dividend of \$0.14 per share. These dividends for fiscal 2001, totalling \$0.22 per share for Class B and common shares, were unchanged from fiscal 2000.

On October 31, 2001, the Company entered into a new loan agreement with its primary banker, providing for operating and term loan facilities aggregating \$235 million, on an unsecured basis. The purchase price for the Company's acquisition of CKVU was funded through the term portion of that loan, which has a maturity date of December 31, 2004. The Company expects this facility to be sufficient to meet its normal operating expenses and anticipates that the restrictions imposed on

certain activities during the term of the agreement (including on dividends), which are not unusual for transactions of this nature, will not interfere with ordinary course operations or the Company's ability to pay dividends consistent with its past practice. If the Company wishes to complete any significant acquisitions in the future, it will seek other appropriate means of financing those activities.

#### CURRENT AND FUTURE OPERATIONS

During the 2001 fiscal year, the Canadian Radio-television and Telecommunications Commission (CRTC) awarded to CHUM, in whole or in part, three new Category One and sixteen new Category Two Specialty channels. Category One services must be carried by distributors with digital capability. The carriage of Category Two services is negotiated with distributors. Of these, seven new Specialty channels were launched September 7, 2001. In Category One, the digital services launched were: FashionTelevisionChannel and BookTelevision: The Channel; and in Category Two, they were CourtTV Canada, SexTV: The Channel, Drive-In Classics and music channels MuchLoud and MuchVibe. These new specialty services are being promoted through a free preview period until the end of December of this year.

As reported earlier, the Company received approval from the CRTC to build a new Conventional television station in Victoria, British Columbia. Renovations and the installation of a state-of-the-art digital broadcasting production facility were finalized, and CIVI was launched October 4, 2001.

The acquisition of the radio broadcasting undertaking CKLY-FM Lindsay, Ontario from Centario Communications Inc. was completed January 31, 2001 and became effective February 1, 2001.

CHUM filed separate applications with the CRTC to establish FM radio stations in Calgary and Vancouver. These two applications were heard by the CRTC last fall. The Company was unsuccessful in its application for a new modern adult contemporary radio station in Calgary. Our application to operate a new jazz format radio station in Vancouver was also denied.

Under an agreement dated June 25, 2001, CHUM and Standard Broadcasting Corporation have agreed to exchange certain local radio assets in Quebec and Manitoba. Under the agreement, CHUM will acquire CFWM-FM Winnipeg to operate an MLO (multiple licence operation) with its existing stations CFST-AM and CHIQ-FM. In addition to the assets of CFWM-FM, CHUM will receive a cash consideration. In exchange, Standard will now acquire CHOM-FM, CHUM's FM radio station in Montreal. This transaction is subject to CRTC approval. A hearing is scheduled for mid-November in Montreal.

Following more than a year of research, discussion and planning, CHUM Radio launched Canada's first All Sports Radio Network ("The Team"), on the AM band May 7, 2001. Based out of Toronto with 1050 CHUM serving as the flagship station, The Team network features radio stations from Halifax to Vancouver. It is carried on both CHUM and non-CHUM stations, and covers items of interest throughout the sporting world, encompassing the NHL, NBA, NFL, MLB, and the PGA.

As previously reported, the Company entered into a share-purchase agreement in April, 2001 with the CanWest Trustee, Mr. L.R. Sherman, CanWest Television Inc. (now Global Communications Limited) and Global Television Network Inc., pursuant to which CHUM agreed to acquire 100% of the shares of CKVU Sub Inc. that operates television station CKVU in Vancouver. The CRTC approved the transfer of control of CKVU-TV to CHUM Limited on October 15, 2001 and the transaction closed on October 31, 2001.

The CICA recently announced approval of a new standard on business combinations, as well as a companion standard on goodwill and other intangible assets. The CICA has concluded that goodwill and intangible assets with an indefinite life should no longer be amortized. Instead, these assets are to be carried at the lower of carrying value and fair value. The impact of this standard on the Company will be to eliminate the amortization of goodwill, and requires the Company to continue to thoroughly analyze the intangible assets associated with the

acquisition of new stations. The Company intends to adopt these new standards effective September 1, 2001.

To date, CHUMCity International has launched station formats in Argentina, Colombia, Finland, Malaysia and Spain, and anticipates that there will be opportunities to launch other franchise/format businesses in other countries in the future. Basic formats are modelled on Citytv and MuchMusic and, in response to FashionTelevision's popularity, the Company expects to use this program as an additional format model.

#### OTHER

The Company's revenues are substantially derived from the sale of airtime that can fluctuate according to the economic climate, changing regulatory environment and new sources of competition. These conditions are constantly scrutinized by management so that adjustments can be made as required. As acknowledged last year, significant changes were taking place in the market as a result of large-scale mergers and acquisitions related to the growing shift towards convergence of media. Although these changes have continued throughout fiscal 2001, they have not had any impact on the Company's ability to compete effectively, but with consolidation, access to programming, staff and other resources may become more competitive. The Company continues to monitor these industry developments and take advantage of appropriate strategic opportunities to solidify its position as a key player in this sector.

#### DIGITAL RADIO

Digital Audio Broadcasting (DAB) in Canada has made a number of significant advances. All public and private broadcasters in the Ottawa-Hull market have filed applications for DAB broadcasting licences, including CHUM-owned radio stations CKKL-FM, CJMJ-FM, CFRA and CFGO. When added to the DAB stations already broadcasting in Toronto, Montreal, Vancouver and Windsor, there will be nearly 11 million listeners within reach of transmissions from over 70 digital radio stations. Technical studies are underway to determine the next phase of DAB coverage expansion.

Texas Instruments, the U. S. chipmaker, has developed a new DAB receiver chip that integrates DAB, AM, FM and even MP3 (MPEG audio layer 3) technology in a very compact unit which draws a fifth of the power of the current generation. Low-priced, next-generation, battery-powered portables and PDA-type (Personal Digital Assistant) units with MP3 capability are now in production.

The implementation of DAB has also received a major boost with the October 29, 2001 public announcement by General Motors of Canada that factory-installed DAB receivers will be available as standard equipment next year for the 2003 model year. Other automobile companies are expected to follow suit.

#### ROYALTIES AND RIGHTS

As reported last year, two reproduction rights collectives have filed tariffs against commercial radio stations: Société du droit de reproduction des auteurs, compositeurs et éditeurs au Canada (SODRAC), a collective representing reproduction rights holders of largely French and foreign language music; and the Canadian Musical Reproduction Rights Agency (CMRRA), which represents major English language music publishers, the owners of reproduction rights in much of the English language music that stations play.

The two tariffs seek compensation from commercial radio stations for all reproductions of music made by such stations. The Canadian Association of Broadcasters (CAB) has determined that the two tariffs represent unacceptably high proposals, particularly since SODRAC and CMRRA members are already compensated through the Society of Composers, Authors and Music Publishers of Canada (SOCAN) for the public performance of the same music. The CAB has mounted an aggressive strategy to oppose these tariffs and has successfully advocated a consolidated hearing before the Copyright Board to ensure that all possible efficiencies are realized, and that all evidence and argument for these two interrelated tariffs are considered in the same forum. The hearing will be held in April of 2002. The CAB has announced

that it will continue to use every means available to it to fight these tariff proposals.

In 1998, the Copyright Board ordered SOCAN to work out a modified blanket licence scheme with the CAB, whereby the blanket licence between television stations and SOCAN would be discounted to reflect any direct licensing of broadcasting with composers. Several television stations have successfully entered into direct licensing agreements with composers in the past year.

The Government of Canada has launched a consultation process that will lead to broad reform of the Copyright Act. The CAB participated in the first round of consultations by submitting strong positions to protect broadcasters' interests with respect to the re-transmission of television signals on the Internet, and also with respect to the transmission of music and audio content on the World Wide Web.

Recent CAB negotiations with SOCAN failed to resolve music use rates for specialty and pay services for the years 2001 and 2002. A hearing can be expected in 2003 and in the interim, the 2000 rates will be payable.

## MANAGEMENT REPORT

The consolidated financial statements and other information contained in this annual report are the responsibility of the management of CHUM Limited.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain estimates that reflect management's best judgments. Financial and other information contained elsewhere are consistent with these consolidated financial statements.

Management maintains a system of internal control designed to provide reasonable assurance that the consolidated financial statements accurately and reliably reflect the Company's operating results and that assets are adequately accounted for and safeguarded.

The consolidated financial statements have been reviewed by the Audit Committee and, together with the other information in this annual report, have been approved by the Board of Directors. PricewaterhouseCoopers LLP, an independent firm of chartered accountants, has audited the consolidated financial statements and provided a professional opinion (See Auditors' Report).

October 31, 2001



ALLAN WATERS

President



TAYLOR C. BAIDEN

Vice-President Finance and  
Treasurer and Secretary

## AUDITORS' REPORT

To the Shareholders of CHUM Limited

We have audited the consolidated balance sheets of CHUM Limited as at August 31, 2001 and 2000 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at August 31, 2001 and 2000 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

CHARTERED ACCOUNTANTS

Toronto, Canada

October 26, 2001

(except for note 13, which is as at October 31, 2001)

**CONSOLIDATED BALANCE SHEETS**

AS AT AUGUST 31	(in thousands of dollars)	2001	2000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Accounts receivable	\$ 82,824	\$ 80,217	
Program rights	48,342	41,552	
Prepaid expenses and other assets	11,783	6,750	
	<hr/> 142,949	<hr/> 128,519	
<i>Program rights</i>	96,757	104,387	
<i>Investments</i>	3,347	3,893	
Fixed assets (note 3)	168,337	128,029	
Goodwill - net of accumulated amortization	73,890	75,538	
	<hr/> 485,280	<hr/> 440,366	
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank indebtedness (note 5)	52,511	23,548	
Accounts payable and accrued liabilities	56,322	43,659	
Income taxes payable	3,051	8,490	
Current portion of long-term debt (note 6)	4,166	3,609	
Program rights payable	52,327	53,439	
	<hr/> 168,377	<hr/> 132,745	
<i>Program rights payable</i>	32,680	34,354	
<i>Long-term debt (note 6)</i>	26,682	30,279	
<i>Future income taxes</i>	4,369	3,440	
<i>Minority interest</i>	935	468	
	<hr/> 233,043	<hr/> 201,286	
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock (note 8)	21,343	21,343	
Retained earnings	230,894	217,737	
	<hr/> 252,237	<hr/> 239,080	
	<hr/> 485,280	<hr/> 440,366	

APPROVED BY THE BOARD OF DIRECTORS

Director

Director

**CONSOLIDATED STATEMENTS OF EARNINGS**

FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars, except per share amounts)		2001	2000
<b>REVENUE - less agency commissions</b>		<b>\$413,132</b>	<b>\$376,081</b>
<b>EXPENSES</b>			
Operations		356,254	321,614
Depreciation		17,399	15,340
Amortization of goodwill		2,012	2,007
Interest		6,510	5,206
Interest and other income		(1,479)	(1,262)
		380,696	342,905
<i>Operating income</i>		32,436	33,176
<i>Gain on sale of investment (note 4)</i>		-	15,153
		32,436	48,329
<i>Provision for income taxes (note 10)</i>		14,440	22,199
<i>Earnings before minority interest</i>		17,996	26,130
<i>Minority interest in earnings of subsidiaries</i>		467	210
<i>Net earnings for the year</i>		17,529	25,920
<i>Net earnings per Class B share and common share (note 8(c))</i>		1.51	2.23

**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

FOR THE YEARS ENDED AUGUST 31	(in thousands of dollars)	2001	2000
<i>Retained earnings - Beginning of year,</i>			
as previously reported	\$217,737	\$194,405	
Change in accounting policy (note 2)	(1,813)	-	
<i>Retained earnings - Beginning of year, as restated</i>	215,924	194,405	
Net earnings for the year	17,529	25,920	
	<u>233,453</u>	<u>220,325</u>	
Deduct			
Dividends paid (\$0.08 per share, regular and \$0.14 per share, special)			
Class B shares	1,817	1,818	
Common shares	742	742	
Excess cost of shares cancelled over their assigned value (note 8(b))			
Class B shares	-	28	
	<u>2,559</u>	<u>2,588</u>	
<i>Retained earnings - End of year</i>	<u>230,894</u>	<u>217,737</u>	

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED AUGUST 31

(in thousands of dollars)

2001

2000

**CASH PROVIDED BY (USED IN)**

**OPERATING ACTIVITIES**

Net earnings for the year	\$ 17,529	\$ 25,920
Items not affecting cash		
Depreciation and amortization	19,411	17,347
Minority interest in earnings of subsidiaries	467	210
Future income taxes	(884)	(117)
Income tax reductions not requiring cash	13	30
Gain on sale of investment	-	(15,153)
	36,536	28,237
Change in non-cash balances related to operations	(4,585)	559
	31,951	28,796

**INVESTING ACTIVITIES**

Additions to fixed assets, net	(57,061)	(32,586)
Acquisitions - net of cash acquired	(1,060)	-
Decrease (increase) in investments	546	(955)
Proceeds on sale of investment	2,274	12,880
	(55,301)	(20,661)

**FINANCING ACTIVITIES**

Purchase of Class B shares for cancellation (note 8(b))	-	(30)
Increase (decrease) in bank indebtedness	28,963	(2,130)
Dividends paid	(2,559)	(2,560)
Long-term debt repayments	(3,054)	(3,415)
	23,350	(8,135)

*Change in cash and short-term investments during the year*

*Cash and short-term investments - Beginning and end of year*

**SUPPLEMENTARY INFORMATION**

Income taxes paid	20,763	14,842
Interest paid	6,060	5,206

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

AUGUST 31, 2001 AND 2000

(in thousands of dollars)

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *Basis of presentation*

The consolidated financial statements present the operations of the company, its subsidiaries, and its 50% interest in MusiquePlus Inc. accounted for on a proportionate consolidation basis. All other investments are carried at cost.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

#### *Revenue recognition*

Revenue earned from sales of airtime is recognized in the accounts when the advertisement is aired. Revenues are recorded net of agency commissions as these charges are paid directly to the agency by the advertiser.

#### *Program rights*

For television stations, the company reports an asset and a liability for the licence agreements entered into to acquire broadcast and distribution rights of feature films and syndicated programs. Agreements are recorded when the program cost is reasonably determinable and the program material is available for telecast or resale.

The costs of broadcast rights are amortized over the period of the rights contract on the basis of usage or time. The costs of distribution rights are billed as recoverable, if pre-sold at the inception of the licence, or otherwise amortized over the period of the rights contract based on estimated future revenue generating capacity. Such costs are allocated between current and non-current assets using management's estimate of usage or recovery in the next year.

Costs of program rights are written off when deemed to be of no value, and are reported at net amortized cost.

Liabilities for program rights are payable in instalments in accordance with the licence agreements or on the basis of usage of the program material. The liability is segregated between current and non-current using payment terms and management's estimate of usage in the next year.

#### *Depreciation*

Depreciation is provided on a declining balance basis using the following rates: buildings - 4% to 5%; equipment - 20% to 30%; and other - 8% to 30%. Leasehold improvements are amortized on a straight-line basis over the term of the lease plus one renewal period.

#### *Start-up costs*

Start-up costs for the preparation of new applications to the Canadian Radio-television and Telecommunications Commission (CRTC) are expensed. Start-up costs for licences of successful applications, which are awarded by the CRTC, are capitalized from the date they are awarded to the date revenue is generated for the service. Start-up costs are amortized over a period that reflects their expected future benefit, not exceeding five years.

#### *Goodwill*

Goodwill relating to acquisitions made prior to April 1, 1974 amounting to \$9,935 (2000 - \$9,948) is not amortized, since this amount is considered to be of continuing value. The tax saving resulting from the portion of this goodwill allowed as a deduction in computing taxable income is credited against the cost of the goodwill.

Goodwill relating to acquisitions made after April 1, 1974 is being amortized on a straight-line basis over a period of 40 years.

The company assesses the value of goodwill of businesses based upon estimates of future profitability and cash flows. If the value of goodwill declines below its carrying value, and the decline is considered to be permanent, the goodwill would be written down as a charge against earnings.

#### *Income taxes*

The company accounts for income taxes under the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to the differences between financial statement carrying values and tax bases of assets and liabilities. Future tax assets and liabilities are measured using the enacted tax rates relating to the period in which they are expected to be settled. The effects of changes in substantially enacted tax rates on future tax assets and liabilities are recognized in income in the period the tax rate is enacted.

#### *Post-employment benefits*

The cost of providing benefits through defined benefit pensions is actuarially determined and recognized in earnings using the projected benefits method pro-rated on service. Differences arising from plan amendments, changes in assumptions and experience gains and losses are recognized in earnings over the expected average remaining service life of employees.

### **2. CHANGES IN ACCOUNTING POLICIES**

#### *Income taxes*

Effective September 1, 2000, the company adopted the new accounting standard of the Canadian Institute of Chartered Accountants (CICA) in respect of income taxes.

This change in accounting policy has been applied prospectively. As a result of this change, retained earnings have been reduced and future income taxes increased by \$1,813 as at September 1, 2000.

#### *Post-employment benefits*

Also, effective September 1, 2000, the company adopted a new accounting standard of the CICA in respect of employee future benefits. This standard changed the method used in valuing plan assets, the discount rate to be used and resulted in increased disclosures.

This change in accounting policy has been applied prospectively and did not have a material effect on the financial results of the company.

### **3. FIXED ASSETS**

Fixed assets consist of:

	2001	2000
Cost		
Land	\$ 18,623	\$ 17,114
Buildings	85,624	66,345
Broadcasting equipment	154,274	126,506
Other	52,768	44,360
	311,289	254,325
Accumulated depreciation		
Buildings	18,335	16,058
Broadcasting equipment	92,200	82,624
Other	32,417	27,614
	142,952	126,296
	168,337	128,029

#### 4. SIGNIFICANT BUSINESS TRANSACTIONS

Effective May 30, 2000, the company sold its 50% interest in MuchMusic USA Venture (the Partnership), a music video channel operating in the United States, to the Partnership for consideration of US\$10,000 (CAN\$15,153), of which, US\$8,000 (CAN\$12,122) was paid in cash with the remainder due over the next year. In addition, the company will provide programming to the Partnership at prescribed rates for the next three years with the Partnership having the option to extend this arrangement for a further five years.

#### 5. BANK INDEBTEDNESS

Bank indebtedness of \$52,511 (2000 - \$23,548) is funded by an operating line which bears interest at the Royal Bank prime rate and is due on demand.

#### 6. LONG-TERM DEBT

	2001	2000
Mortgage at 9.35%, maturing 2006	\$ 2,436	\$ 2,581
Revolving term loan at 5.09% (2000 - 6.12%)	17,869	20,764
Preferred shares at 10.00%, redeemable 2009	10,000	10,000
Note payable at prime rate, maturing 2002	543	543
	30,848	33,888
Less: Current portion	4,166	3,609
	26,682	30,279

The preferred shares have been treated as debt for accounting purposes, as they bear a fixed rate of return and are retractable at the option of the holder. The preferred shares are classified as long-term debt on the balance sheets and dividends are classified as interest expense in the statements of earnings.

The company has a revolving term loan facility to fund strategic acquisitions. Minimum principal repayments on the revolving term loan are as follows:

Year ending August 31, 2002	\$ 3,430
2003	3,430
2004	11,009
	17,869

#### 7. COMMITMENTS

##### *Program rights*

As at August 31, 2001, the company reported program rights payable for the years ending August 31, 2002 to 2005 totalling \$85,007 (2000 - \$87,793). In addition, commitments for the purchase of program rights have been concluded where the program material has not yet been made available for telecast. Estimated future commitments total \$69,577 (2000 - \$57,716), of which, approximately \$48,430 (2000 - \$32,778) is due over the next 12 months.

##### *Leases*

The company is committed under operating leases for rental of properties, broadcasting facilities and other equipment extending for varying periods to the year 2015.

Future minimum payments are required as follows:

Year ending August 31, 2002	\$ 7,544
2003	5,779
2004	4,947
2005	4,499
2006	3,136
2007 and subsequent years	12,090
	37,995

#### 8. CAPITAL STOCK

	2001	2000
Non-voting shares		
Authorized		
Unlimited number of non-voting, Class B shares		
Issued		
8,259,551 shares	\$ 19,253	\$ 19,253
Common shares		
Authorized		
Unlimited number of common shares		
Issued		
3,374,015 shares	2,090	2,090
	21,343	21,343

- a) The holders of the Class B shares are entitled to receive, if, as and when declared by the board of directors, annual non-cumulative dividends at the rate of 8¢ per share. No dividends shall be declared on the common shares in any year until dividends of 8¢ per share have been paid on the Class B shares. In any year, when such dividends have been paid on both the Class B and common shares, any further dividends shall be paid equally on the Class B and common shares.

The Class B and common shareholders are entitled to share equally in any distribution of the company's assets on winding up.

- b) During the year ended August 31, 2000, the company acquired and cancelled 1,000 of the company's Class B common shares at a total cost of \$30.
- c) Net earnings per Class B and common share have been calculated on the basis of the weighted average number of shares outstanding during the year of 11,633,566 (2000 - 11,634,045) shares.

## 9. POST-EMPLOYMENT BENEFITS

The company has a defined benefit pension plan available to all full-time employees. The change in the funded status of the company's post-employment benefit plan for the year ended August 31, 2001 was as follows:

Change in benefit obligation	
Benefit obligation - Beginning of year	\$ 26,487
Service cost	2,021
Interest cost	1,946
Plan participants' contributions	873
Benefits paid	(1,102)
Benefit obligation - End of year	30,225
Change in plan assets	
Fair value of plan assets - Beginning of year	30,789
Actual return on plan assets	(3,142)
Employer's contribution	1,360
Plan participants' contributions	873
Benefits paid	(1,102)
Fair value of plan assets - End of year	28,778
Funded status	(1,447)
Unrecognized net actuarial loss	5,493
Unrecognized transitional asset	(3,602)
Prepaid benefit cost	444
Weighted-average assumptions as at August 31	
Discount rate	6.75%
Expected return on plan assets	7.50%
Rate of compensation increase	5.50%

The company's net benefit plan expense is as follows:

Current service cost	\$ 2,021
Interest cost	1,946
Expected return on plan assets	(2,352)
Amortization of transitional obligation	(212)
	1,403

## 10. INCOME TAXES

The differences between the effective tax rate reflected in the provision for income taxes and the Canadian statutory income tax rate are as follows:

	2001	2000
	%	%
Corporate statutory rate of income taxes	42.7	44.4
Adjusted for the effect of		
Non-deductible goodwill	1.8	1.4
Non-deductible preferred share dividend	1.3	0.9
Utilization of non-capital loss carry-forward	-	(2.6)
Future income tax rate reductions	(5.2)	-
Other	3.9	1.8
	44.5	45.9

The provision for income taxes comprises:

	2001	2000
Current	\$ 15,324	\$ 22,316
Future	(884)	(117)
	14,440	22,199

Future income tax liabilities and assets as at August 31, 2001 consisted of the following:

<b>Liabilities</b>		
Start up costs	\$ 1,246	
Goodwill	3,181	
Other	319	
	4,746	
<b>Assets</b>		
Fixed assets	377	
	4,369	

#### 11. SEGMENTED INFORMATION

The company's principal business activities are carried out through three reportable segments: television, radio and other. Television consists of the company's Ontario and British Columbia television stations and specialty channels. Radio consists of AM and FM stations across the country. Other consists of the company's background music network and head office function.

Information on the operating groups is as follows:

	2001			
	<i>Television</i>	<i>Radio</i>	<i>Other</i>	<i>Total</i>
Revenues	\$292,530	\$108,697	\$ 11,905	\$413,132
Operating income (loss)	31,363	15,755	(14,682)	32,436
Total assets	351,301	122,153	11,826	485,280
Capital expenditures	50,437	5,428	1,196	57,061
Depreciation and amortization of goodwill	13,423	5,193	795	19,411
				2000
	<i>Television</i>	<i>Radio</i>	<i>Other</i>	<i>Total</i>
Revenues	\$266,381	\$ 98,214	\$ 11,486	\$376,081
Operating income (loss)	28,442	17,033	(12,299)	33,176
Total assets	311,337	117,414	11,615	440,366
Capital expenditures	25,561	6,337	688	32,586
Depreciation and amortization of goodwill	12,007	4,567	773	17,347

## **12. FINANCIAL INSTRUMENTS**

### *Fair value of financial instruments*

Financial instruments are financial assets or liabilities of the company where, in general, the company has the right to receive cash or another financial asset from another party or the company has the obligation to pay another party cash or other financial assets. Financial assets and liabilities include bank indebtedness, accounts receivable, certain investments, accounts payable and accrued liabilities, program rights payable, income taxes payable and long-term debt. The carrying amounts in the consolidated balance sheets approximate fair values due to the limited term and nature of these instruments.

The fair value of certain investments is not readily determinable as there are no fixed terms of repayment.

The fair value of long-term program rights is also not readily determinable.

### *Interest rate risk*

The following table sets out the company's exposure to interest rate risk:

Accounts receivable	Non-interest bearing
Investments	Various rates ranging from non-interest bearing to prime plus 1%
Accounts payable and accrued liabilities	Non-interest bearing
Income taxes payable	Non-interest bearing
Program rights payable	Non-interest bearing
Bank indebtedness	Floating, see also note 5
Long-term debt	Various, see also note 6

## **13. SUBSEQUENT EVENTS**

- a) The company has entered into an agreement with Standard Radio Inc. (Standard) to exchange certain of the company's local radio assets in Quebec for cash and certain of Standard's local radio assets in Manitoba. Completion of the transaction is subject to CRTC approval.
- b) The company has entered into an agreement to purchase the shares of CKVU Sub Inc., which holds the rights to operate CKVU in Vancouver, from CanWest Television Inc. for a purchase price of approximately \$125 million. On October 15, 2001, the transaction was approved by the CRTC and the transaction closed on October 31, 2001.
- c) On October 31, 2001, the company replaced its existing credit facility with a new credit facility of \$235 million for operating credit lines and term loans to fund strategic acquisitions. A portion of the funds available under this facility was used to satisfy the cash requirements for the acquisition of CKVU Sub Inc.

## DIRECTORS

### ALLAN WATERS

Toronto  
Director  
*Chairman of the Board and President*

### FRED SERRATT

Toronto  
Director  
*Vice-Chairman of the Board*

### LAWRENCE W. LAMB

Ennismore  
Director

### ROBERT SUTHERLAND, Q.C.

Toronto  
Director  
*Counsel, Fasken Martineau DuMoulin LLP*

### MARJORIE WATERS

Toronto  
Director

### JOHN (JACK) MATTENLEY

Barrie  
Director

### TAYLOR C. BAIDEN, B. COMM., C.A.

Toronto  
Director  
*Vice-President Finance and Treasurer  
and Secretary*

### JAMES WATERS

Toronto  
Director  
*Executive Vice-President,  
and President, CHUM Radio*

### RONALD WATERS

Toronto  
Director  
*Executive Vice-President*

### SHERYL BOURNE

Richmond Hill  
Director

## SHAREHOLDER INFORMATION

### HEAD OFFICE

1331 Yonge Street  
Toronto, Ontario  
Canada M4T 1Y1

### AUDITORS

PricewaterhouseCoopers LLP

### BANKERS

RBC Financial Group

### STOCK EXCHANGE LISTING

Toronto Stock Exchange (CHM, CHM.B)

### REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada  
Toronto, Montreal, Halifax, Vancouver

### SOLICITORS

Fasken Martineau DuMoulin LLP

## CHUM LIMITED

### RADIO

CHUM Radio Network	CFRA-AM Ottawa, Ontario
<b>THE TEAM SPORTS RADIO NETWORK</b>	CKKL-FM Ottawa, Ontario
CFST-AM (Team 1290) Winnipeg, Manitoba	CJMJ-FM Ottawa, Ontario
CKKW-AM (Team 1090) Kitchener, Ontario	CFJR-AM Brockville, Ontario
CHUM-AM (Team 1050) Toronto, Ontario	CJPT-FM Brockville, Ontario
CKPT-AM (Team 1420) Peterborough, Ontario	CFLY-FM Kingston, Ontario
CKLC-AM (Team 1380) Kingston, Ontario	CKQM-FM Peterborough, Ontario
CFGQ-AM (Team 1200) Ottawa, Ontario	CKLY-FM Lindsay, Ontario
CKGM-AM (Team 990) Montreal, Quebec	CFCA-FM Kitchener, Ontario
CJCH-AM (Team 920) Halifax, Nova Scotia	CHST-FM London, Ontario
CKST-AM (Team 1040)** Vancouver, British Columbia	CKWW-AM Windsor, Ontario
CFAC-AM (Team 960)** Calgary, Alberta	CIMX-FM Windsor, Ontario
CFUN-AM Vancouver, British Columbia	CKLW-AM Windsor, Ontario
CHQM-FM Vancouver, British Columbia	CIDR-FM Windsor, Ontario
CHIQ-FM Winnipeg, Manitoba	CHOM-FM Montreal, Quebec
CHUM-FM Toronto, Ontario	C100-FM Halifax, Nova Scotia

\*\*affiliates

## LOCAL TELEVISION

- CIVI-TV (The New VI)  
Victoria and Vancouver Island/Lower  
Mainland, British Columbia
- CKVU  
Vancouver and Lower Mainland,  
British Columbia
- CITYTV  
Toronto, Ottawa and Southern Ontario
- CHWI-TV (The New WI)  
Windsor, Ontario
- CFPL-TV (The New PL)  
London, Ontario
- CKNX-TV (The New NX)  
Wingham, Ontario
- CHRO-TV (The New RO)  
Pembroke/Ottawa, Ontario
- CKVR-TV (The New VR)  
Barrie and Central Ontario

## SPECIALTY TELEVISION

- ACCESS (60%)  
BookTelevision: The Channel (60%)  
Bravo!  
CablePulse24 (70.1%)  
Canadian Learning Television (60%)  
CourtTV Canada (60%)  
Drive-In Classics  
FashionTelevisionChannel  
MuchLoud  
MuchMusic  
MuchMoreMusic  
MuchVibe  
MusiquePlus (50%)  
MusiMax (50%)  
Perfecto (50%) (launching Fall 2002)  
SexTV: The Channel  
Space  
Star!

## NON-BROADCAST UNITS

- CHUMCity Productions  
CHUM Radio Sales  
CHUM Satellite Services  
NovaVision Multimedia Inc. (Quebec)

## INTERNATIONAL

- Funny Films OY (23%)

### CAPTIONS FOR PHOTO SPREADS:

#### PAGE 8/9

*Jennifer Lopez and MuchMusic's Master T  
meet the fans on Queen Street  
credit: Barry Roden Photography*

#### PAGE 20/21

*The Team's Stephen Brunt and Jim Van Horne*

#### PAGE 28/29

*Space Videographer Natasha Eloi*

#### PAGE 30/35

*Streetfront in Victoria at The New VI  
Launch Party Oct. 4, 2001*

PRINCIPAL PHOTOGRAPHY by Craig Samuel Photography

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